STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
NOVEMBER 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: Connie Flanagan, Fiscal & Investment Officer
Bonnie Heit, Office Manager
Fay Kopp, Interim Executive Director
Les Mason, Internal Audit Superviser
Darren Schulz, Interim Chief Investment Officer
Dottie Thorsen, Internal Audit

OTHERS PRESENT: 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, November 16, 2012, at Workforce Safety & Insurance, 1600 E Century, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

The Audit Committee considered the November 16, 2012 agenda.

MR. SANDAL MOVED AND MS. TERNES SECONDED TO ACCEPT THE AGENDA FOR THE NOVEMBER 16, 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 October 16, 2012, meeting.

MR. GESSNER MOVED AND MR. SANDAL SECONDED TO ACCEPT THE OCTOBER 16, 2012, MINUTES AS WRITTEN.

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

FINANCIAL AUDIT REPORT JUNE 30, 2012:

Mr. Thomas Rey reviewed CliftonLarsonAllen's audit of the financial statements of the Retirement and Investment Office (RIO) for the Fiscal Year Ending June 30, 2012. Mr. Rey reported CliftonLarsonAllen issued an unqualified opinion of the financial statements.

Ms. Flanagan informed the Audit Committee RIO has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Governmental Financial Officer's Association (GFOA) for the past 14 consecutive years.

The Audit Committee thanked staff for their excellent work on the audit report.

MS. TERNES MOVED AND MR. MERTZ SECONDED TO ACCEPT CLIFTONLARSONALLEN'S AUDIT REPORT OF THE FINANCIAL STATEMENTS OF RIO FOR THE FISCAL YEAR ENDING JUNE 30, 2012.

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 first quarter of FY2013.

School District Audit Reports - The objective is to complete 43 or more school district audits during FY2013. Currently, seven audits were completed, six audits are in progress, information on three more school districts has been received, and information is being requested for 12 additional districts.

TFFR File Maintenance - Ms. Thorsen reported she reviewed the first quarter of FY2013 transactions. There were no exceptions noted.

MR. GESSNER MOVED AND MS. TERNES SECONDED TO ACCEPT THE INTERNAL AUDIT DIVISION'S WORK ACTIVITY REPORT FOR THE FIRST QUARTER OF FY2013.

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

CHARTER:

The Audit Committee reviewed their Charter. Mr. Mason is to electronically distribute the Charter to the Audit Committee with his suggested changes. Audit Committee members are to submit their changes to Ms. Dorwart. The Charter will be reviewed at the February 22, 2013, meeting.

FY 2013 WORK PLAN:

The Audit Committee reviewed a revised Internal Audit work plan for the period of July 1, 2012 - June 30, 2013 which reflected the discussion and changes from the November 16, 2012, meeting.

MS. TERNES MOVED AND MR. SANDAL SECONDED TO ACCEPT THE REVISED INTERNAL AUDIT WORK PLAN FOR THE PERIOD OF JULY 1, 2012 - JUNE 30, 2013.

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

OTHER:

The next Audit Committee meeting is scheduled for February 22, 2013, at 1:00 p.m. at Workforce Safety & Insurance.

ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 2:15 p.m.

Respectfully Submitted:

Ms. Rebecca Dorwart, Chair
SIB Audit Committee

Bonnie Heit
Assistant to the Audit Committee