

STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
FEBRUARY 22, 2013 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 meeting to order at 1:00 p.m., on Friday, February 22, 2013, 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 February 22, 2013, agenda.

MS. TERNES MOVED AND MR. GESSNER SECONDED TO ACCEPT THE AGENDA FOR THE FEBRUARY 22, 2013, 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 November 16, 2012, meeting.

MR. SANDAL MOVED AND MS. TERNES SECONDED TO ACCEPT THE NOVEMBER 16, 2012, MINUTES AS WRITTEN.

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

NAYS: NONE

MOTION CARRIED

INTERNAL AUDIT ACTIVITIES:

Mr. Mason reviewed the Internal Audit Division's work activity for the period of November 14, 2012 - February 13, 2013.

School District Audit Reports - The objective is to complete 43 or more school district audits during FY2013. Currently, 12 audits have been completed, ten audits are in progress, and information on six or more school districts has been received.

TFFR File Maintenance - Ms. Thorsen reported she reviewed member file transactions for the months of October - February for FY2013. There were no exceptions noted.

Executive Limitations - Mr. Mason also tested executive performance to determine compliance with the State Investment Board's Executive Limitations policy for the period of June 1 - December 31, 2012. There were no exceptions noted.

MR. GESSNER MOVED AND MR. MERTZ SECONDED TO ACCEPT THE INTERNAL AUDIT DIVISION'S WORK ACTIVITY REPORT FOR THE PERIOD OF NOVEMBER 14, 2012 - FEBRUARY 13, 2013.

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

NAYS: NONE

MOTION CARRIED

CHARTER:

The Audit Committee reviewed a revised Charter which they previously reviewed and discussed at their November 16, 2012, meeting. After further changes by the Audit Committee, Mr. Mason is to also compare the charter to other entities charters and bring back other suggestions or changes for further consideration by the Audit Committee to the May 17, 2013, meeting.

REVIEW MEETINGS:

The Audit Committee's charter states the Audit Committee will meet periodically, out of the presence of management and the external auditors as appropriate, to receive updates on the Internal Audit Program and to address any concerns or any issues that staff would like to address. The Audit Committee also elected to meet separately with the Interim Executive Director.

The Audit Committee discussed with both parties the progress made on school district audits. The goal is to audit each school district within a five year period as outlined in the Internal Audit Division's work plan for July 1, 2012 - June 30, 2013. To achieve this goal, 43 school district audits will need to be completed for Fiscal Year 2013. The Audit Committee and staff have identified this area as an area of risk which the Internal Audit Division has been focusing their time on. The Audit Committee discussed their concerns on achieving this goal with both parties and determined that changes will need to be made in order to accomplish the goals of the work plan. Ms. Dorwart will follow-up with staff and report back to the Audit Committee at their May 17, 2013, meeting.

OTHER:

The next Audit Committee meeting is scheduled for May 17, 2013, at 1:00 p.m. at the State Capitol, Peace Garden Room.

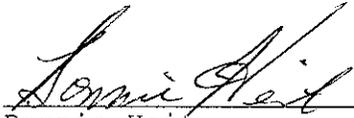
ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 2:55 p.m.

Respectfully Submitted:



Ms. Rebecca Dorwart, Chair
SIB Audit Committee



Bonnie Heit
Assistant to the Audit Committee