

STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
NOVEMBER 19, 2015, MEETING

COMMITTEE MEMBERS PRESENT: Rebecca Dorwart, Chair
Mike Gessner, TFFR Board
Karol Riedman, Health Dept.
Mike Sandal, PERS Board
Cindy Ternes, Workforce Safety & Insurance

STAFF PRESENT: Connie Flanagan, Fiscal & Invt Op Mgr
Bonnie Heit, Assistant to the Audit Committee
David Hunter, Executive Director/CIO
Fay Kopp, Deputy Executive Director/CRO
Terra Miller Bowley, Suprv Audit Services
Shelly Schumacher, Retirement Program Mgr
Dottie Thorsen, Internal Auditor

GUESTS: Jason Ostroski, CliftonLarsonAllen

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 3:03 p.m., on Thursday, November 19, 2015, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 19, 2015, MEETING AS DISTRIBUTED.

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

MINUTES:

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MS. RIEDMAN AND CARRIED ON A VOICE VOTE TO APPROVE THE SEPTEMBER 25, 2015, MINUTES AS DISTRIBUTED.

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

FINANCIAL AUDIT REPORT:

Mr. Jason Ostroski, CliftonLarsonAllen, LLP (CLA), reviewed the results of the June 30, 2015, financial audit of the Retirement and Investment Office. CLA issued an unmodified "clean" opinion that the financial statements are presented fairly, in all material respects, and in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Mr. Ostroski also briefed the Audit Committee on the GASB 68 Census Data Audits. Employer census testing was completed with 17 employers and 204 active members tested. No findings were noted. Work on the GASB 68 schedules had begun and CLA expects to issue their final report by the end of 2015.

The Audit Committee congratulated RIO personnel on their excellent work on the financial audit report and also implementation of the GASB 67 and 68 schedules.

IT WAS MOVED BY MS. RIEDMAN AND SECONDED BY MS. TERNES AND CARRIED ON A VOICE VOTE TO ACCEPT THE JUNE 30, 2015, FINANCIAL AUDIT REPORT.

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

NAYS: NONE

MOTION CARRIED

AUDIT SERVICES ACTIVITIES REPORT:

Ms. Miller Bowley reviewed Audit Service activities for the period of July 1, 2015 - September 30, 2015.

As of November 16, 2015, 10 employer audits had been completed. All employers remaining in the third audit cycle had been notified of an upcoming TFFR Compliance Audit. At the end of the first quarter, seventeen employers had yet to be audited in the third audit cycle. The long-range plan is to audit each employer over a five year period.

The TFFR File Maintenance Audit for the fourth quarter of fiscal year 2015 was completed and no exceptions were noted.

The 2014-15 Benefit Payments Audit was completed and one exception was noted.

Preliminary work was completed on the creation and implementation of an audit program, which addresses Regional Education Association (REA) Audits. The audit program will be modeled after the audit program currently used for TFFR Compliance Audits. Audit Services plans to notify an REA of a forthcoming audit in the third quarter of the current fiscal year.

The SIB customer satisfaction survey was completed. Audit Services facilitated the survey beginning in July 2015 and results were provided to the SIB in October 2015. On a scale of 1 to 4, clients rated the SIB at 3.7.

Audit Services also provided support to CLA for the June 30, 2015, financial audit of RIO and the GASB 68 Census Data Audits.

Audit Services has begun work on a procedures manual. The procedures for the TFFR File Maintenance Audit have been documented. Plans are to have procedures for at least three audits and/or administrative activities documented by the end of the fiscal year.

Audit Services has been attending the IIA's local chapter, Central Nodak, monthly meetings to pursue networking and professional development opportunities.

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO ACCEPT THE JULY 1, 2015, - SEPTEMBER 30, 2015, AUDIT SERVICES ACTIVITIES REPORT.

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

NAYS: NONE

MOTION CARRIED

CHARTER:

The Audit Committee reviewed a draft of their Charter. A number of modifications were made to the Charter. RIO personnel will incorporate the changes and present the Charter at the February 25, 2016, meeting.

OTHER:

The next Audit Committee meeting is scheduled for February 25, 2016, at 3:00 p.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

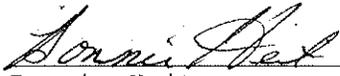
ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 4:41 p.m.

Respectfully Submitted:



Ms. Rebecca Dorwart, Chair
SIB Audit Committee



Bonnie Heit
Assistant to the Audit Committee

