

Minutes of the Audit, Risk and Compliance Committee Meeting

Tuesday, June 11, 2024, 10:37 a.m.

Board Room, 30 North 3rd St., Harrisburg, PA 17101

Also available via Microsoft Teams and Livestream Access

Attendees:

Audit, Risk and Compliance Committee Members and Designees:

Seamus Dubbs, Designee for Secretary Spicher
Donald Enders Jr.
Michael Heckmann, Designee for Representative Miller
Uri Monson
Jeffrey Soderstedt, Designee for Secretary Spicher
Jill Vecchio, Designee for Representative Miller
Thomas Waters, Designee for Treasurer Garrity

Other Board Members and Designees:

Charles Erdman, Designee for Senator DiSanto
W. Russell Faber
David Henderson
Matt Lindsay, Designee for Senator Hughes
Matt McCarry, Designee for Representative Frankel
Gregory Thall, Board Chairman

SERS Staff:

Kelly Bernhard
Beth Christian
Cindy Collins
Jo Ann Collins
Brenda Cunard
Thomas Derr
Taylor Frey
Randy Gilson
Pam Hile
Meredith Jones
Dan Krautheim
N. Joseph Marcucci
Katie Mathews
Ryan McCoy
Michael McGeoy
Sara McSurdy

Jeffrey Meyer
Cathy Nolan
James Nolan
Jon Ryan
Brett Shaffer
Dana Shettel
Steven Skoff
Matthew Soule
Joseph Torta
Cara Trego
William Truong
Mark Walter
Sheila Willrich

Presenters:

Eric Forkner, Partner, KPMG LLP
Madison Gerdts, Manager, KPMG LLP
Dan New, Ernst & Young LLP
David Valente, Ernst & Young LLP
Sarah Taylor Hartsema, Ernst & Young LLP

1. Call to Order

Prior to the meeting starting, the Committee members were informed that the meeting would be recorded. Thomas Waters, Designee for Committee Chair, Treasurer Garrity, called the meeting to order, at 10:37 a.m.

2. Welcome and Roll Call

Mr. McCoy, Internal Audit Director, took a roll call and Mr. Waters stated a quorum was present.

3. Approval of Minutes

Mr. Waters presented the minutes from the April 30, 2024 Audit, Risk and Compliance Committee meeting to the committee.

Motion:

By motion that was moved by Mr. Waters and approved unanimously by committee members, it was;

RESOLVED: That this committee approves the meeting minutes from the April 30, 2024, Audit, Risk and Compliance Committee meetings.

4. Old Business – None**5. Special Presentations – None**

6. New Business – None

7. Executive Session

At 10:39 a.m., the Committee then entered into executive session to review and discuss committee business which, if conducted in public, would violate a lawful privilege, or lead to the disclosure of information that is confidential or protected by law, or that is otherwise allowed under the Sunshine Act to be conducted in a closed meeting. The topics covered in executive session included:

- Results of 2023 Independent Audit
 - Independent Auditor's Required Communications to the Audit, Risk and Compliance Committee – Auditing Standard, AU-C Section 260
 - Commonwealth of Pennsylvania State Employees' Retirement System 2023 Financial Statements with Required Supplementary Information
 - Commonwealth of Pennsylvania State Employees' Retirement System Deferred Compensation Plan 2023 Financial Statements
- Internal Audit Office Update
- Chief Compliance Officer Update
 - Quarterly Report for the Period Ending March 31, 2024
- Theft, Fraud and Abuse Hotline Update
- System and Organization Controls (SOC) 1 Type 2 Audit Vendor Procurement
- Results of the EY 2024 Policy and Procedure Review and Gap Assessment
- Chief Compliance Officer Quarterly Report: Audit, Risk and Compliance Committee Charter, Section V.E.4. – *Informational Item Only (Confidential-Password Protected)*

8. Public Session Resumes – Mr. Waters put forth a motion for approval of the results of the 2023 Independent Audit.

Motion:

By motion that was moved by Mr. Waters and approved by committee members, it was;

RESOLVED: i) That this committee recommend to the State Employees' Retirement Board that it approve the audited 2023 Financial Statements with Required Supplementary Information with Independent Auditors' Report for Years Ended December 31, 2023, and December 31, 2022, of the Commonwealth of Pennsylvania State Employees' Retirement System and State Employees' Defined Contribution Plan, and

ii) the audited 2023 Financial Statements with Required Supplementary Information with Independent Auditors' Report for Years Ended December 31, 2023, and December 31, 2022, of the Commonwealth of Pennsylvania Deferred Compensation Plan, as presented by our independent auditors, KPMG LLP.

Board/Committee Members or Designee	Results of 2023 Independent Audit
Mr. Enders	Absent

Mr. Waters, Designee for Treasurer Garrity	Yes
Mr. Heckmann, Designee for Representative Miller	Yes
Secretary Monson	Yes
Mr. Dubbs, Designee for Secretary Spicher	Yes

Motion:

By motion that was moved by Mr. Waters and approved by committee members, it was;

RESOLVED: That this committee recommend to the State Employees' Retirement Board that it approve the results of the technical evaluation and the recommendation from the Issuing Officer, the Board approve the Issuing Officer Recommendation and authorize the Issuing Office to award the contract and to proceed with contract negotiations with the selected vendor, to be publicly named at a later date after successful contract negotiations.

Board/Committee Members or Designee	SOC 1 Type 2 Audit Vendor Procurement
Mr. Enders	Absent
Mr. Waters, Designee for Treasurer Garrity	Yes
Mr. Heckmann, Designee for Representative Miller	Yes
Secretary Monson	Yes
Mr. Dubbs, Designee for Secretary Spicher	Yes

9. Committee Comments/Concerns/Questions – None

10. Motion to Adjourn

By motion that was moved and approved by committee members, it was;

RESOLVED: That this meeting be adjourned at 11:54 a.m.

Respectfully submitted,



Ryan P. McCoy, CIA
Internal Audit Director