

**Minutes of the Audit, Risk and Compliance Committee Meeting
Wednesday, December 4, 2019**

Attendees:

Board and Audit, Risk and Compliance Committee:

Glenn Becker
James Bloom, Designee for Secretary Wiessmann
Thomas Clancy, Designee for Treasurer Torsella
John DiSanto
Charles Erdman, Designee for Senator DiSanto
Gregory Jordan
Brian LaForme, Designee for Secretary Wiessmann
Dan Ocko, Designee for Representative Frankel
Mary A. Soderberg

SERS Staff:

Rose Agnew
Randy Albright
Don Bell
Michele Crow
Thomas Derr
Randy Gilson
Pamela Hile
Christopher Houston
Alicia James
Kevin Kiehl
Dan Krautheim
Karen Lynn
N. Joseph Marcucci
Ryan McCoy
Sara McSurdy
Jeffrey Meyer
James Nolan
Terri Sanchez
Joseph Torta

Presenters:

Eric Forkner, Partner, KPMG LLP (via telephone)
Craig Swallow, Senior Manager, KPMG LLP
Joseph Seibert, Partner and SERS Account Executive, KPMG LLP

1. Call to Order

At 8:34 a.m., Mr. Clancy, Assistant Chair's designee, called the meeting to order.

2. Approval of Minutes

Action 1: Minutes of Committee Meeting – September 25, 2019

Mr. Clancy presented the minutes provided to the committee.

Motion:

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

RESOLVED: That this committee approves the meeting minutes from the September 25, 2019, meeting.

3. 2019 Independent Audit

Action 1: Report to the Audit Committee, Audit Plan and Strategy for the Year Ending December 31, 2019

Craig Swallow, Senior Manager, Eric Forkner, Partner, and Joe Seibert, Partner and SERS Account Executive, all with KPMG LLP, led a discussion on the audit plan and strategy for the upcoming examination of SERS 2019 books and records. This discussion included the scope and terms of the independent audit, fees, key areas of risk and focus, and other related matters. This should include those investments managed by Fairview Capital.

Action 1 – Follow-up/Next Steps: The committee requested that Internal Audit and the Office of Finance compile a detailed list of all alternative investments, including those funds being managed by Fairview Capital, in existence at year-end 2018. The list should include the fair market value source of each investment that was included in SERS 2018 audited financial statements and 2018 CAFR. The sources should identify those funds whose value is based on audited financial statements versus those based on a quarterly capital partner statement or other estimate.

4. Annual Review Process of the Internal Audit Director and Acting Chief Compliance Officer

Action 1: Enhancements to Annual Performance Review Process

On behalf of Katie Matthews, Human Resources Director, Karen Lynn discussed enhancements made to the annual review process of the Internal Audit Director and the Acting Chief Compliance Officer to comply with sections E3 and D4, respectively, of the Audit, Risk and Compliance Committee Charter. The committee members were asked to provide their comments on

performance in their capacities of informing and reporting to the committee. These comments should be directed to Terri Sanchez, SERS Executive Director.

Action 1 – Follow-up/Next Steps: The committee will review the goals and objectives of both the Internal Audit Director and Acting Chief Compliance Officer at the next committee meeting.

5. Executive Session

At 9:03 a.m., the committee went 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.

6. Committee Meeting Resumes

At 10:17 a.m., the committee meeting resumed in public session.

7. Chief Compliance Officer Update

Action 1: Compliance Officer Update – Quarterly Report for Period Ending September 30, 2019

Chris Houston led a discussion on the Chief Compliance Officer's Quarterly Report for period ending September 30, 2019.

8. Motion to Adjourn

Action 1: Adjournment

Motion:

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

RESOLVED: That this meeting be adjourned at 10:32 a.m.

Respectfully submitted,



Karen A. Lynn, CPA
Internal Audit Director