

Minutes of the Audit, Risk and Compliance Committee Meeting

Tuesday, December 7, 2021

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:

Glenn Becker
Susan Boyle, Designee for Representative Schemel
Christopher Craig, Designee for Treasurer Garrity
Lloyd Ebright, Designee for Treasurer Garrity
Paul Schemel
Mary Soderberg
Secretary Gregory Thall, Committee Chair
Jill Vecchio, Designee for Representative Schemel

Other Board Members and Designees:

James Bloom, Designee for Secretary Richard Vague
John DiSanto
Alan Flannigan, Designee for Secretary Richard Vague
Gregory Jordan
Matt Lindsay, Designee for Senator Vincent Hughes
Patrick Shaughnessy, Designee for Representative Frankel

SERS Staff:

Rose Agnew
Katie Bates
Don Bell
Kelly Bernard
Jo Ann Collins
Tom Derr
Pam Hile
Christopher Houston
Karen Lynn
N. Joseph Marcucci
Ryan McCoy
Michael McGeoy
Sara McSurdy
Jeffrey Meyer
James Nolan

Terrill Sanchez
Joseph Torta
Bill Truong

Presenters:

Lindsey Hoff, Manager, KPMG LLP
Craig Swallow, Managing Director, KPMG LLP

1. Call to Order

Prior to the meeting starting, the Board members were informed that the meeting would be recorded with the exception of executive session discussion. Due to a conflict that arose for Committee Chair Secretary Thall, Treasurer designee Lloyd Ebright called the meeting to order.

2. Welcome and Roll Call

Ms. Lynn took roll call stating a quorum was present.

3. Approval of Minutes

Mr. Ebright presented the minutes provided to the Committee.

Motion:

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

RESOLVED: That this Committee approved the meeting minutes from the September 28, 2021, meeting.

4. Old Business – None

5. Special Presentations – None

6. New Business

a) **Action 1 – Review of the Audit, Risk and Compliance Committee Charter** – Mr. Houston reviewed the amendments proposed for recommendations from the Funston Advisory Group in its Pennsylvania State Employees' Retirement System (SERS) Fiduciary Review and Board Self-Assessment Final Report specific to the evaluation of Board direct reports. Accordingly, the draft charter includes clarification as to the process by which the Internal Audit Director and Chief Compliance Officer positions are to be evaluated.

b) **Action 2 – State Employees' Retirement Board – Draft Internal Audit Charter** – Provided as an informational item only.

7. Executive Session

At 1:36 p.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. It is noted that while in Executive Session,

Committee Chair Thall joined the meeting, thanked Mr. Ebright for his assistance, and assumed Committee Chair responsibilities. The topics covered in executive session included:

- KPMG's 2021 Audit Plan and Strategy – Presented by SERS' Independent Auditor KPMG
- Chief Compliance Officer Update – Quarterly Report of September 30, 2021
- Internal Audit Office Update
- Review of Due Diligence Performed on Board Approved Investments for the Period September 30, 2021
- Results of the Green Book/COSO Internal Control Review for 2021

8. Committee Meeting Resumes

At 3:01 p.m., the Committee meeting resumed in public session.

Motion:

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

RESOLVED: That this Committee recommend: (i) to the State Employees' Retirement Board that it approve the amendments to the Audit, Risk and Compliance Committee charter, as set forth in the attached, after receiving input from the Board Governance and Personnel Committee, and (ii) to the Board Governance and Personnel Committee that it concurs with this committee's recommendations and so inform the State Employees' Retirement Board.

9. Committee Comments/Concerns/Questions – None

10. Motion to Adjourn

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

RESOLVED: That this meeting be adjourned at 3:02 p.m.

Respectfully submitted,



Karen A. Lynn, CPA
Internal Audit Director