

Minutes of the Audit, Risk and Compliance Committee Meeting

Tuesday, February 27, 2024, 2:28 p.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:

Christopher Craig, Designee for Treasurer Garrity
Seamus Dubbs, Designee for Secretary Spicher
Donald Enders Jr.
Treasurer Stacy Garrity, Committee Chair
Representative Brett Miller
Secretary 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:

Senator John DiSanto
Charles Erdman, Designee for Senator DiSanto
W. Russell Faber
Matt Lindsay, Designee for Senator Hughes
Gregory Thall, Board Chairman

SERS Staff:

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

James Nolan
Jon Ryan
Brett Shaffer
Steven Skoff
Matthew Soule
Joseph Torta
William Truong
Mark Walter
Sheila Willrich

1. Call to Order and Roll Call

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 2:28 p.m.

Mr. McCoy, Internal Audit Director, took a roll call stating a quorum was present.

2. Welcome and Roll Call

3. Approval of Minutes

Mr. Waters presented the minutes from the December 5, 2023, January 9, 2024, and February 1, 2024 Audit, Risk and Compliance Committee meetings 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 December 5, 2023, January 9, 2024, and February 1, 2024, Audit, Risk and Compliance Committee meetings.

4. Old Business

5. Special Presentations

6. New Business – Review of the Audit, Risk and Compliance Committee’s 2024 Work Plan

Mr. McCoy reviewed the amendments made to the Committee’s 2024 Work Plan noting that the document was updated to include Committee review and approval at distinct meetings, the Committee’s responsibility for reviewing and approving the Internal Audit Office Charter, updated language for the Committee’s oversight of SERS’ independent actuary replications audits, and additional language to cover the Committee’s oversight responsibilities for our legislatively mandated SOC audits.

Motion:

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

RESOLVED: That this committee recommends the approval of the SERS Audit, Risk and Compliance Committee Work Plan to the State Employees’ Retirement Board.

6. New Business – Audit, Risk and Compliance Committee 2024 Internal Audit Plan

Mr. McCoy reminded the Committee of the presentation of his 2024 Audit Universe, Risk Assessment, and Internal Audit Plan conducted at the December 5, 2023 Committee meeting, where he requested that the Committee review the proposed plan for a formal vote of acceptance at the February 27, 2024 meeting. Mr. McCoy explained that any deviations from the plan would be substantiated to the Committee throughout the year, and any items not addressed throughout the year would be rolled forward or reassessed during the next risk assessment. Upon completion of Mr. McCoy's presentation, the Audit, Risk and Compliance Committee passed a motion to formally approve and adopt the plan.

6. New Business – External Audit Update

The last item of new business was an update on the status of SERS' current external, independent audit of the agency's financial statements. Mr. McCoy provided the agreed upon external audit calendar as an informational item for the Committee to have as reference as the engagement progresses, disclosed that so far the agency had submitted approximately 75 items to KPMG as of February 21st, and that all non-alternative investment related confirmations had been sent independently to our investment managers by KPMG.

7. Executive Session

At 2:36 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, or that is otherwise allowed under the Sunshine Act to be conducted in a closed meeting. The topics covered in executive session included:

- Chief Information Security Officer Update
- Internal Audit Office Update
 - Internal Control and Policy/Procedure Gap Assessment Update
- Quality Assurance Review of Year End Print Jobs
 - 1099-R and 1042-S Review
 - Annuitant Statement Review
- Review of Due Diligence Performed on Board Approved Investments for the period December 31, 2023
- Chief Compliance Officer Update
 - Quarterly Report as of December 31, 2023
- Theft, Fraud, and Abuse Hotline Update
- 2023 Internal Audit Director Performance Goals – *Informational Item Only*
- 2023 Chief Compliance Officer Performance Goals – *Informational Item Only*

8. Public Session Resumes

- Audit, Risk and Compliance Committee Charter – Current – *Informational Item Only*
- Audit, Risk and Compliance Committee Charter – Appended and Recommended to SERS Board – *Informational Item Only*
- Audit, Risk and Compliance Committee Charter Draft 02.12.24 Red-Line – *Informational Item Only*

- Audit, Risk and Compliance Committee Charter Amendment Memo – *Informational Item Only*
- Internal Audit Office Charter for Committee Review – *Informational Item Only*

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 3:20 p.m.

Respectfully submitted,



Ryan P. McCoy, CIA
Internal Audit Director