

**South Carolina Retirement System Investment Commission
Audit and Enterprise Risk Management Committee Meeting
Minutes**

**December 13, 2021 11:01 a.m.
Capitol Center
1201 Main Street, Suite 1510
Columbia, South Carolina 29201
Meeting Location: Video Presentation**

Committee Members Present:
Dr. Rebecca Gunnlaugsson, Chair
Ms. Peggy Boykin
Mr. William J. Condon, Jr.

I. CALL TO ORDER AND ADOPTION OF PROPOSED AGENDA

Chair Dr. Rebecca Gunnlaugsson called the meeting of the Audit and Enterprise Risk Management Committee (“Committee”) of the South Carolina Retirement System Investment Commission (“RSIC”) to order. Ms. Peggy Boykin made a motion, which was seconded by Mr. William J. Condon, Jr., to adopt the agenda as presented, and it was unanimously approved.

II. APPROVAL OF MINUTES (NOVEMBER 2, 2021)

Chair Gunnlaugsson referred to the draft minutes from the Committee’s November 2, 2021 meeting. Mr. Condon made a motion to adopt the minutes from the November 2, 2021 Committee meeting as presented. Ms. Boykin seconded the motion, and it was unanimously approved.

III. DISCUSSION OF 2022 MEETING DATES

Mr. Mitchell Goldsmith, Senior Legal Counsel, noted that the Committee meeting dates for 2022 had been vetted with the Committee members. He stated that the meeting dates are: March 15, 2022; July 26, 2022; September 20, 2022; and December 6, 2022.

IV. ANNUAL REVIEW OF THE COMMITTEE AND INTERNAL AUDIT CHARTERS

Chair Gunnlaugsson noted that the next order of business was the annual review of the Committee’s Charter and the Internal Audit Charter (collectively, “Charters”). Mr. Goldsmith stated that the Committee is in compliance with both Charters with the sole exceptions of performing a review of Deloitte & Touche, LLP (“Deloitte”) in their role as RSIC’s co-sourced audit vendor. He explained that the review would take place during the Executive Session portion of the meeting. Following some discussion, Chair Gunnlaugsson stated that the responsibilities outlined in the Charters had been carried out for the 2021 Calendar Year.

V. INTERNAL AUDIT UPDATE

Chair Gunnlaugsson then asked Mr. Goldsmith for his report. Mr. Goldsmith began by reporting that the Global Investment Performance Standards (“GIPS”) Verification Review (“GIPS Review”) for Fiscal Year-End June 30, 2021 is complete. He explained that there were no findings, and RSIC is GIPS compliant for the periods from July 1, 2017 through June 30, 2021. Mr. Goldsmith noted that Mr. Jon Rychener, Director of Investment Reporting and Performance, and his team were instrumental in RSIC retaining the GIPS Certification.

Next, Mr. Goldsmith began a discussion of the annual Agreed-Upon Procedures (“AUP”) Review of RSIC’s Investment Valuation, Investment Diligence, and Staff Compliance (“Investment AUP Review”) for Fiscal Year-End June 30, 2021. He explained that CliftonLarsonAllen LLP’s work had been delayed due to staffing shortages. However, RSIC Staff (“Staff”) had received a draft report, and the final report should be issued within the next few weeks.

Mr. Goldsmith subsequently turned to the Cyber Risk Assessment Review (“Cyber Review”). He stated that the Cyber Review will be performed by the Deloitte Team and will cover understanding the current cyber risk environment and controls as well as identifying potential gaps. Mr. Goldsmith then introduced Mr. Mike Brodsky who is a Managing Director with Deloitte to overview the Scope for the Cyber Review (“Cyber Scope”). Mr. Brodsky explained that the Cyber Review will encompass reviewing policies regarding RSIC’s current cybersecurity programs, interviewing stakeholders, and assessing the capabilities of RSIC’s cybersecurity program. Mr. Brodsky then fielded questions from the Committee members. After further conversation, Mr. Condon moved to approve the Cyber Scope as presented by Deloitte. Ms. Boykin seconded, and the motion was unanimously approved.

VI. COMPLIANCE AND ENTERPRISE RISK MANAGEMENT UPDATES

Chair Gunnlaugsson then recognized Ms. Michelle Kennedy, Director of Enterprise Risk Management (“ERM”) & Compliance, for her report. Ms. Kennedy presented slides on compliance matters as of September 30, 2021 and reported no material issues were noted. Next, she reviewed RSIC’s current ERM dashboard and noted some updates provided by the Deloitte Team.

VII. EXECUTIVE SESSION

Thereafter, Mr. Condon moved to recede into Executive Session to discuss investment matters related to internal audit reviews pursuant to S.C. Code Sections 9-16-80 and 9-16-320; to discuss negotiations incident to propose contractual matters and to receive legal advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(2); and to discuss development of security personnel or devices pursuant to S.C. Code Section 30-4-70(a)(3). Mr. Boykin seconded the motion, which passed unanimously.

VIII. POTENTIAL ACTIONS RESULTING FROM EXECUTIVE SESSION

Chair Gunnlaugsson stated that the Committee met in Executive Session to discuss investment matters related to internal audit reviews pursuant to S.C. Code Section 9-

16-80 and 9-16-320; to discuss negotiations incident to propose contractual matters and to receive legal advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(2); and to discuss development of security personnel or devices pursuant to S.C. Code Section 30-4-70(a)(3). Chair Gunnlaugsson stated that no action was taken during Executive Session.

IX. ADJOURNMENT

There being no further business, Mr. Condon made a motion to adjourn. Ms. Boykin seconded the motion, which was unanimously approved.

[Staff Note: In compliance with S.C. Code Ann. Section 30-4-80, public notice of and the agenda for this meeting were delivered to the press and to parties who requested notice and were posted on December 10, 2021 at 3:13 p.m. at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C.]