

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

**March 15, 2022 10:30 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 at 10:31 a.m. Mr. William J. Condon, Jr., made a motion, which was seconded by Ms. Peggy Boykin, to adopt the agenda as presented, and it was unanimously approved.

II. APPROVAL OF MINUTES (DECEMBER 13, 2021)

Chair Gunnlaugsson referred to the draft minutes from the Committee’s December 13, 2021 meeting. Ms. Boykin made a motion to adopt the minutes from the December 13, 2021 Committee meeting as presented. Mr. Condon seconded the motion, and it was unanimously approved.

III. INTERNAL AUDIT UPDATE

Chair Gunnlaugsson then recognized Mr. Mitchell Goldsmith, Senior Legal Counsel, for his report. Mr. Goldsmith began by reviewing the engagements completed during the 2021-22 Fiscal Year. Notably, he reported that the 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 has been completed by CliftonLarsonAllen LLP and that there were no material findings. Mr. Goldsmith then turned to a discussion of the AUP Review of RSIC’s procurement-related areas (“Procurement AUP Review”) for Fiscal Year-End June 31, 2021, which was performed by the Hobbs Group, PA, and covered RSIC’s cash receipts, disbursements, payroll entries, and compliance with the Appropriations Act. He reported that no exceptions were noted. Then, Mr. Andrew Chernick, Chief Operating Officer, congratulated Mr. Brian Wheeler, Administrative Manager, Ms. Brittany Storey, Director of Human Resources, and Ms. Barbara Creswell, Operations Analyst, for six years without any exceptions noted for the Procurement AUP Review.

Mr. Goldsmith next turned to engagements expected to be completed in the current fiscal year. Beginning with the Cyber Risk Assessment Review (“Cyber Review”), he reported that the Cyber Review report is being finalized and would be provided as soon as it is

available. He then thanked Mr. Eric Baker, Director of Information Technology, for all of his efforts with the Cyber Review. Mr. Goldsmith then began a discussion regarding the Human Capital Review (“HC Review”) that is on the Fiscal Year 2021-22 Internal Audit Plan. He explained that the HC Review will assess RSIC’s human capital management program by identifying key risks, identifying gaps, and providing opportunity enhancements. Mr. Goldsmith stated that the HC Review will be performed by Deloitte & Touche, LLP (“Deloitte”) and then asked Mr. Mr. Craig Stanton, Senior Manager with Deloitte, to present the Scope for the HC Review (“HC Review Scope”).

Mr. Stanton began his presentation by overviewing the current human capital risk environment and its impact on RSIC. He then explained that the overall objective of the HC Review is to understand employee sentiment at RSIC. In order to get a true sense of employees’ opinions, Mr. Stanton stated that Deloitte would be sending out an anonymous survey to all full-time employees. The survey will focus on key processes that include hiring, onboarding, training, work environment, work-life balance, retention strategies, recognition programs, and performance evaluations. Mr. Stanton concluded by overviewing the timeline for the HC Review and asking for any questions.

Hearing none, Chair Gunnlaugsson referred to the proposed motion to approve the HC Review Scope. Ms. Boykin moved to approve the proposed HC Review Scope as presented by Deloitte. Mr. Condon seconded the motion, and it was approved unanimously.

Mr. Goldsmith then asked Mr. Stanton to provide his presentation regarding the Investment Risk Management Review (“IRM Review”). Mr. Stanton stated that Deloitte would be performing the IRM Review to understand RSIC’s current capabilities and independently evaluate the maturity of key program components using an established framework. He explained that the Scope for the IRM Review (“IRM Review Scope”) would focus on six components of a successful risk management program that include: culture, governance, people, process, technology, and data. Mr. Stanton stated that the final report will identify Deloitte’s observations, recommendations, enhancement opportunities, assessment results, as well as any gaps. He then overviewed the timeline for the IRM Review before concluding his presentation.

Following some discussion, Chair Gunnlaugsson asked if there was a motion to approve the IRM Review Scope. Ms. Boykin moved to approve the IRM Scope as presented by Deloitte. Mr. Condon seconded the motion, and it was unanimously approved.

IV. COMPLIANCE AND ENTERPRISE RISK MANAGEMENT UPDATES.

Chair Gunnlaugsson recognized Ms. Michelle Kennedy, Director of Enterprise Risk Management (“ERM”) and Compliance, and asked for her report. Ms. Kennedy presented slides on compliance matters as of December 31, 2021 and reported that no material issues were noted. She also stated that she had conducted Annual Compliance Training in December of 2021, and all members of RSIC Staff have acknowledged receipt of the training and compliance with other relevant policies. Ms. Kennedy then reviewed RSIC’s ERM Dashboard, which she noted shows both Deloitte’s external risk assessment and RSIC’s internal risk assessment. She stated that ERM-related work is ongoing and concluded her presentation.

V. EXECUTIVE SESSION

Thereafter, Ms. Boykin made a motion to recede into Executive Session to discuss investment matters related to internal audit reviews pursuant to S.C. 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. Condon seconded the motion, and it was unanimously approved. The Committee then receded into Executive Session.

VI. POTENTIAL ACTIONS RESULTING FROM EXECUTIVE SESSION

The Committee met in 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 proposed contractual matters and to receive legal advice pursuant to S.C. Code Section 30-4-70(a)(2); and to discuss the 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.

Upon returning from Executive Session, Ms. Boykin made a motion to authorize the retention of Deloitte as the internal audit and consulting services vendor as discussed in Executive Session; and authorize the Chief Executive Officer or his designee to negotiate and execute any necessary documents to effectuate the retention upon approval for legal sufficiency by RSIC Legal. Mr. Condon seconded the motion, and it was unanimously approved.

VII. ADJOURNMENT

There being no further business, Ms. Boykin made a motion to adjourn, and Mr. Condon 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 March 10, 2022 at 4:30 p.m. at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C.]