

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

**December 12, 2022 2:00 p.m.  
Capitol Center  
1201 Main Street, Suite 1510  
Columbia, South Carolina 29201  
Meeting Location: Video Presentation**

**Committee Members Present:**  
Ms. Peggy Boykin, Acting Chair  
Mr. William J. Condon, Jr.  
Mr. Kenneth F. Deon

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**I. CALL TO ORDER AND ADOPTION OF PROPOSED AGENDA**

Acting Chair Ms. Peggy Boykin called the meeting of the Audit and Enterprise Risk Management Committee (“Committee”) of the South Carolina Retirement System Investment Commission (“RSIC”) to order at 2:03 p.m. Mr. Kenneth F. Deon 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 (AUGUST 17, 2022)**

Chair Boykin referred to the draft minutes from the Committee’s August 17, 2022 meeting. Mr. Condon made a motion to adopt the minutes from the August 17, 2022 Committee meeting as presented. Mr. Deon seconded the motion, and it was unanimously approved.

**III. ANNUAL REVIEW OF THE COMMITTEE AND INTERNAL AUDIT CHARTERS**

Chair Boykin then recognized Mr. Mitchell Goldsmith, Senior Legal Counsel, for the annual review of the Committee’s Charter and the Internal Audit (“IA”) Charter (collectively, “Charters”). Mr. Goldsmith stated that the Committee is in compliance with both Charters with the exception 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 Boykin stated that the responsibilities outlined in the Charters have been substantially carried out for Calendar Year 2022.

**IV. INTERNAL AUDIT UPDATE**

Next, Chair Boykin asked Mr. Goldsmith for his report. Mr. Goldsmith began by reviewing the engagement expected to be completed during the 2022-23 Fiscal Year. He began by noting that the Investment Risk Management Maturity Assessment (“IRM Review”) is still ongoing but should be complete soon. Mr. Goldsmith also reported that the Global Investment Performance Standards (“GIPS”) Verification Review (“GIPS Review”) for Fiscal Year-End June 30, 2022 should be completed within the first couple of months of 2023.

Mr. Goldsmith then introduced Mr. Mike Brodsky who is a Managing Director with Deloitte to provide a report regarding RSIC's annual risk assessment. Mr. Brodsky began by overviewing the process for updating the risk assessment and noted that the Deloitte Team worked closely with RSIC's Enterprise Risk Management ("ERM") function to ensure alignment of RSIC's internal and external risk functions. The Deloitte Team also reviewed updates to various policies and procedures as well as the results of third-party reviews while remaining cognizant of RSIC's operating environment. Mr. Brodsky then overviewed the risk identification heatmap. Mr. Deon inquired about the high residual risk around Systems/Infrastructure. Mr. Craig Stanton who is a Senior Manager with Deloitte responded that the risk category relates to all things cyber. He explained that industry participants are all experiencing high risk in this area. The Commissioners then had a discussion with RSIC Staff ("Staff") regarding how RSIC gets coverage over various risks.

Mr. Brodsky then turned to the proposed IA Plan, which included the following reviews: (1) Data Governance; (2) Third-Party Vendor Management; and (3) a placeholder for a third review to be determined based on continued monitoring of RSIC's operations by the Deloitte Team. Mr. Brodsky then overviewed next steps, which include agreeing on the timing of engagements, scheduling time with subject-matter specialists, and drafting work plans.

Following some discussion, Mr. Deon made a motion to approve the Fiscal Year 2022-23 IA Plan as presented by Deloitte. Mr. Condon seconded the motion, and it was unanimously approved.

Chair Boykin then called for a presentation concerning the Scope of the Data Governance Assessment Review ("Data Governance Review"). Mr. Brodsky began by explaining that the Data Governance Review will assess adherence to industry recognized governance frameworks to understand RSIC's current capabilities and independently evaluate the design and implementation of controls. He explained that the Data Governance Review will take around four weeks. Mr. Brodsky noted that the key deliverable will be a final report identifying assessment results and enhancement opportunities.

Thereafter, Mr. Condon made a motion to approve the proposed Scope for the Data Governance Review as presented by Deloitte. Mr. Deon seconded the motion, and it was unanimously approved.

## **V. COMPLIANCE AND ENTERPRISE RISK MANAGEMENT UPDATES.**

Chair Boykin then recognized Ms. Michelle Kennedy, Director of ERM and Compliance, and asked for her report. Ms. Kennedy began her presentation with compliance matters as of June 30, 2022 and September 30, 2022 and noted that no material issues were noted. Next, she reviewed RSIC's current ERM dashboard and noted that RSIC's ERM processes continue to evolve and develop, and the current focus is on metric development for risks. Finally, Ms. Kennedy reviewed presentation slides regarding the Compliance Questionnaire process and completed her presentation noting that no material issues were noted.

## **VI. EXECUTIVE SESSION**

Mr. Deon 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 the 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 recessed into Executive Session.

## **VII. 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 Boykin stated that no action was taken during Executive Session.

## **VIII. ADJOURNMENT**

There being no further business, Mr. Deon 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 December 8, 2022 at 2:49 p.m. at the entrance, in the lobbies, and near the 15<sup>th</sup> Floor Presentation Center at 1201 Main Street, Columbia, S.C.]