

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

**February 14, 2024 11:00 a.m.
Capitol Center
1201 Main Street, Suite 1510
Columbia, South Carolina 29201
Meeting Location: Video Presentation**

Committee Members Present:
Mr. Kenneth F. Deon, Chair (Via Telephone)
Ms. Peggy Boykin
Mr. William J. Condon, Jr.

I. Call to Order and Consent Agenda

Chair Mr. Kenneth F. Deon called the meeting of the Audit and Enterprise Risk Management Committee (“Committee”) of the South Carolina Retirement System Investment Commission (“RSIC”) to order at 11:02 a.m. Chair Deon made a motion, which was seconded by Ms. Peggy Boykin, to adopt the proposed agenda as presented, and it was unanimously approved.

II. Approval of Minutes (November 28, 2023)

Chair Deon referred to the draft minutes from the Committee’s November 28, 2023, meeting. Chair Deon made a motion to adopt the minutes from the November 28, 2023, Committee meeting as presented. Ms. Boykin seconded the motion, and it was unanimously approved.

III. Internal Audit Update

Chair Deon then asked for the Internal Audit (“IA”) update. Mr. Mitchell Goldsmith, Senior Legal Counsel, introduced Mr. Craig Stanton, a Senior Manager with Deloitte & Touche, LLP (“Deloitte”). Mr. Stanton presented an overview of Deloitte’s methodology and noted that the updated risk assessment reflects a closer alignment between Deloitte’s risk taxonomy and the one utilized by RSIC’s Enterprise Risk Management (“ERM”) function. Deloitte also conducted interviews with relevant RSIC Staff and confirmed findings with stakeholders.

Mr. David Guthrie, an Advisory Manager with Deloitte, presented an overview of Deloitte’s risk identification heat map. Mr. Guthrie noted that RSIC relies heavily on external service providers, which led to the area of service provider management remaining elevated despite a recent engagement in the area by Deloitte. Additionally, computer/systems operations and security remains a top-of-mind risk area due to industrywide cybersecurity concerns. Deloitte then fielded questions from the Commissioners regarding how RSIC ensures coverage of certain risk areas.

Mr. Stanton provided an overview of the proposed IA Plan, which included the following reviews: (1) liquidity; (2) business continuity/disaster recovery planning; as well as (3) a placeholder for a third review to be determined based on continued monitoring of RSIC's operations by Deloitte. He stated that next steps include agreeing on the timing of engagements, scheduling time with subject-matter specialists, and drafting work plans.

Following some discussion, Mr. William J. Condon, Jr., made a motion to approve the Calendar Year 2024 IA Plan as presented by Deloitte. Ms. Boykin seconded the motion, and it was unanimously approved.

Next, Mr. Stanton reviewed the scope for the Liquidity Risk Management Review ("Liquidity Review"), which Deloitte will be performing. Thereafter, Mr. Condon made motion to approve the proposed scope of the Liquidity Review as presented by Deloitte. Ms. Boykin seconded the motion, and it was unanimously approved.

The Committee then received a report on the engagements to be completed. The Committee was informed that the Investment Risk Maturity Assessment is ongoing but should be completed soon. Mr. Goldsmith also overviewed other routine reviews that will be completed before the end of the calendar-year and then concluded his presentation.

IV. Compliance and Enterprise Risk Management Updates

Ms. Michelle Kennedy, Director of Compliance and ERM, reported on routine compliance items and that no material exceptions were noted. Ms. Kennedy reviewed RSIC's current ERM dashboard and noted that Deloitte's most recent risk rankings, as reported earlier in the meeting, have been incorporated.

V. Executive Session

Chair Deon noted that no Executive Session was required for the meeting and moved on to the next agenda item.

VI. Adjourn

There being no further business, Mr. Condon made a motion to adjourn, and 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 February 8, 2024, at 11:19 a.m., at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C.]