

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

**December 18, 2024 9:30 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 9:32 a.m. Ms. Peggy Boykin made a motion, which was seconded by Mr. William C. Condon, Jr., to adopt the proposed agenda as presented, and it was unanimously approved.

II. Approval of Minutes (October 22, 2024)

Chair Deon referred to the draft minutes from the Committee’s October 22, 2024, meeting. Mr. Condon made a motion to adopt the minutes from the October 22, 2024, Committee meeting as presented. Ms. Boykin seconded the motion, and it was unanimously approved.

III. Annual Review of the Committee and Internal Audit Charters

Chair Deon then asked for the annual review of the Committee and the Internal Audit (“IA”) Charters (collectively, “Charters”). RSIC Staff (“Staff”) explained that the Committee is substantially in compliance with both Charters other than some technical requirements that were noted in the Committee’s materials. Following the presentation, Chair Deon stated the responsibilities outlined in the Charters have been substantially carried out for Calendar Year 2024.

IV. Internal Audit Update

Chair Deon then asked for the IA update. Mr. Mitchell Goldsmith, Senior Legal Counsel, began by addressing the annual agreed-upon procedures (“AUP”) review of investment valuation, due diligence, and staff compliance for Fiscal Year-End June 30, 2024. The AUP review was performed by Crowe LLP, which is the firm that performs the annual audit of the South Carolina Retirement Systems’ Annual Comprehensive Financial Report. Mr. Goldsmith noted that testing had been expanded to include RSIC’s Co-Investment Policy, and there were no material findings.

Next, the Committee received a report that the Global Investment Performance Standards (“GIPS”) Verification Review (“GIPS Review”) for Fiscal Year-End June 30, 2024, was completed, and there were no findings.

Then, Mr. Goldsmith introduced Mr. Craig Stanton, a Senior Manager with Deloitte & Touche, LLP (“Deloitte”), to present the calendar-year 2024 risk assessment. 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. He also noted that this year Deloitte mapped policies to individual risk areas to understand structure requirements for those areas.

Mr. Stanton then presented an overview of Deloitte’s risk identification heat map. He noted that for each risk Deloitte assessed likelihood, impact, and velocity of risks, which aligns with the methods utilized by RSIC’s ERM function. Next, Mr. Stanton provided an overview of the proposed IA Plan, which included the following: (1) vulnerability management review; (2) IA remediation review; and (3) reporting and performance review. 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, Ms. Boykin made a motion to approve the calendar-year 2025 IA Plan as presented by Deloitte. Mr. Condon seconded the motion, and it was unanimously approved.

Mr. Stanton then reviewed the scope of the Custodial Request for Information Process (“Custodial RFI Review”), which Deloitte will be performing. Thereafter, Mr. Condon made a motion to approve the proposed scope for the Custodial RFI Review as presented by Deloitte. Ms. Boykin seconded the motion, and it was unanimously approved.

V. Compliance and Enterprise Risk Management Updates

The Committee received an update on routine compliance matters. Ms. Michelle Kennedy, Director of Compliance and ERM, reported that no material exceptions were noted. Additionally, the Committee received a report regarding the Compliance Questionnaire process and noted that no material issues were noted.

Next, Ms. Kennedy reviewed RSIC’s current ERM dashboard and noted there had been no changes following the Committee’s last meeting. She noted that the ERM dashboard will be updated with Deloitte’s updates before the Committee’s next meeting.

VI. Executive Session

Upon returning to open session, Chair Deon stated that the Committee took no action while in 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); to discuss the development of security personnel or

devices pursuant to S.C. Code Section 30-4-70(a)(3); and to discuss personnel matters related to the annual performance review of the Internal Audit Coordinator pursuant to S.C. Code Section 30-4-70(a)(1). Chair Deon stated that no action was taken during Executive Session.

VIII. Adjourn

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 December 12, 2024, at 3:20 p.m., at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C.]