

Audit and Enterprise Risk Management Committee

I. Definitions. For purposes of this charter, the following capitalized terms will have the defined meaning set forth below:

- (A) “Commission” means the Commission of eight members responsible for managing the South Carolina Retirement System Investment Commission as specified in S.C. Code of Laws Ann. § 9-16-315.
- (B) “Management” means the South Carolina Retirement System Investment Commission staff members in senior or executive roles or who may be designated as such on the organizational chart of the agency.
- (C) “South Carolina Retirement System Investment Commission” or “RSIC” means the agency established by South Carolina law for the purposes of investing and managing all assets held in trust for the participants and beneficiaries of the state’s five separate defined benefit plans.

II. Purpose of the Committee. The Commission has established the Audit and Enterprise Risk Management Committee (“Committee”) to oversee the following areas: (i) the Audit Function; (ii) the Enterprise Risk Management Function; (iii) the Compliance Function; (iv) the internal control environment; and (v) engagements with certain external service providers.

III. Responsibilities:

(A) Primary Responsibilities:

- (1) Overseeing the audit, enterprise risk management, compliance, and control activities of RSIC, as set forth in the “Roles and Responsibilities” section of RSIC’s Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies; including without limitation, the development and execution by Management of strategies to mitigate risks.
- (2) Overseeing the risk assessment process conducted by the Enterprise Risk Management Function and the Audit Function.
- (3) Approving, periodically, the audit plans of the Audit Function.
- (4) Reviewing, periodically, the scopes of audits, the findings of audits, and approving any necessary follow up items or recommendations.
- (5) Reviewing the performance of external co-sourced and/or outsourced auditors and exercising final approval on the appointment, retention, or discharge of such auditors.
- (6) Obtaining reasonable assurance that the staff has acted on the observations and recommendations resulting from audits.

(7) Monitoring reports provided by the staff regarding various compliance policies and processes.

(B) Reporting Responsibilities: Regularly reporting to the Commission about Committee activities, issues, and related recommendations.

(C) Other Responsibilities:

(1) Performing other activities related to this charter as requested by the Commission.

(2) Reviewing and assessing the adequacy of the Committee's charter at least every three years. Any proposed changes to the charter must be submitted to the Commission for approval.

(3) Confirming annually that all responsibilities outlined in the charter have been carried out.

(4) Evaluating the Committee's and individual Committee member's performance on a regular basis in conjunction with the Commission Evaluation Process.

(5) Providing an appropriate and confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting, cases of fraud, or other material breaches of internal controls to the Committee.

IV. Composition.

(A) The Committee will consist of three members of the Commission.

(B) The Commission will appoint Committee members in accordance with the *Committees Policy* of the Commission.

(C) The Chair of the Committee will be selected by a vote of the Committee.

(D) The Executive Director of the South Carolina Public Employee Benefit Authority, serving as a Commission member *ex officio*, will be a member of the Committee.

V. Meetings.

(A) The Committee will meet at least four times per year and has the authority to convene additional meetings as circumstances require so long as notice is provided as appropriate and in accordance with the South Carolina Freedom of Information Act ("FOIA").

(B) In accordance with FOIA, the Committee must give written public notice of its regular meetings at the beginning of each calendar year. The notice must include the dates, times and places of the meetings.

- (C) The Committee's annual meeting schedule may be modified by the Committee as necessary.
- (D) All Committee members should expect to attend each meeting in person or via conference call or video conference.
- (E) The Committee may invite members of Management, auditors, and/or others to attend meetings and to provide pertinent information as necessary.
- (F) In the event that a Commission member who is not a member of the Committee attends a Committee meeting, she or he will not have voting rights and will not participate in discussions of the Committee unless asked and so long as such participation would not create a quorum of the Commission.
- (G) Meeting agendas, notices, and minutes will be prepared and provided in accordance with the *Committees Policy* of the Commission, FOIA, and all other applicable laws.

VI. Authority: The Committee is empowered to:

- (A) Approve the Audit Function's annual audit plan.
- (B) Approve the Audit Function's co-sourcing and outsourcing plans.
- (C) Seek any information it requires from the staff. All members of the staff are directed to cooperate with the Committee's requests or the requests of external parties conducting work on behalf of the Committee.
- (D) Meet with the Commission, the staff, auditors, outside counsel, and/or specialists as necessary.
- (E) Oversee the work of the Internal Audit Coordinator in accordance with RSIC's personnel policies and applicable state law.
- (F) Communicate with the Commission regarding RSIC's policies and applicable laws as needed.
- (G) The Committee may authorize investigations into any matters within its scope of responsibility and in accordance with any policies related thereto and shall seek approval from the Commission for any necessary additional resources.