

**Minutes of the Audit, Risk and Compliance Committee Meeting
Wednesday, February 26, 2020**

Attendees:

Board and Audit, Risk and Compliance Committee:

Thomas Clancy, Designee for Treasurer Torsella
Lloyd Ebright, Designee for Treasurer Torsella
Charles Erdman, Designee for Senator DiSanto
Dan Ocko, Designee for Representative Frankel
Mary A. Soderberg
Gregory Thall

Other Board Members:

James Bloom, Designee for Acting Secretary Vague
Alan Flannigan, Designee for Secretary Vague
Gregory Jordan

SERS Staff:

Rose Agnew
Randy Albright
Stephen Balucha
Don Bell
Michele Crow
Thomas Derr
Randy Gilson
Phil Greenberg
Pamela Hile
Christopher Houston
Alicia James
Kevin Kiehl
Dan Krautheim
Karen Lynn
N. Joseph Marcucci
Ryan McCoy
Sara McSurdy
Matthew Meads

James Nolan
Terri Sanchez
Jay Stroup
Joseph Torta

Presenters:

John Fellin, Vice President, Empower
Trish McGinty, Head of Cybersecurity, Empower
Doug Peterson, Chief Information Security Officer, Empower

SERS Consultants:

Matt Ritter, Real Estate Consultant, NEPC

1. Call to Order and Election of Committee Chair

At 8:31 a.m., Ms. Sanchez, Board Secretary, called the meeting to order and requested nominations for the position of Committee Chair. Upon unanimous election of Treasurer Torsella as Committee Chair, Lloyd Ebright, designee for Treasurer Torsella, assumed the position and conducted the meeting.

2. Approval of Minutes**Action 1: Minutes of Committee Meeting – December 4, 2019**

Mr. Ebright presented the minutes provided to the Committee.

Motion:

By motion that was moved by Mr. Ebright and approved unanimously by Committee members, it was;

RESOLVED: That this Committee approves the meeting minutes from the December 4, 2019, meeting.

3. New Business**Action 1: Appointment of Assistant Chair**

Mr. Ebright advised the Committee that the appointment of an Assistant Chair will be delayed until a later date.

Action 2 – Internal Audit Update

The Committee was informed that the 2019 independent audit by KPMG is underway. Finalized audited financial statements will be presented to the Board in June. In addition, SERS successfully

released 132,388 annuitant statements and 147,895 tax form 1099s in January. This information informs our members of their 2019 retirement fund activity.

Action 3 – Review of 2020 Committee Work Plan

The 2020 Committee Work Plan was discussed. Two procurements with the Committee's participation will be initiated in 2020. One for an independent auditor for years 2021 through 2024. A second procurement effort is needed for an independent actuary to audit Korn Ferry's methods, procedures and assumptions.

4. Executive Session

At 8:45 a.m., the Committee went into Executive Session to review and discuss Committee business, which, if conducted in public, would violate a lawful privilege or lead to the disclosure of information that is confidential or protected by law.

6. Committee Meeting Resumes

At 10:40 a.m., the Committee meeting resumed in public session.

7. Chief Compliance Officer Update

Action 1: Insider and Personal Trading Policy

The Committee reviewed the revised current version of the Insider and Personal Trading Policy. The policy will be brought before the Committee for formal vote at an upcoming meeting.

Action 2: Compliance Officer Update – Quarterly Report for Period Ending December 31, 2019

The Committee received a status update on the activities of the Acting Chief Compliance Officer.

Follow-up/Next Steps:

- A special meeting of the Audit, Risk and Compliance Committee will be held in April 2020 to focus on and discuss matters pertaining to SERS' compliance program and activities of the Acting Chief Compliance Officer.
- A request was made to consider addressing private equity and real estate funds in the Insider and Personal Trading Policy.
- Consideration to testing or auditing of the submitted statements of financial interest by board members and designees should be given.

8. Motion to Adjourn**Action 1: Adjournment****Motion:**

By motion that was moved by Mr. Ebright and approved unanimously by Committee members, it was;

RESOLVED: That this meeting be adjourned at 11:05 a.m.

Respectfully submitted,

Karen A. Lynn

Karen A. Lynn, CPA
Internal Audit Director