

**Minutes of the Audit, Risk and Compliance Committee Meeting**

**Tuesday, September 17, 2024, 12:30 p.m.**

*Board Room, 30 North 3<sup>rd</sup> St., Harrisburg, PA 17101*

*Also available via Microsoft Teams and Livestream Access*

**Attendees:**

**Audit, Risk and Compliance Committee Members and Designees:**

Christopher Craig, Designee for Treasurer Garrity  
Seamus Dubbs, Designee for Secretary Spicher  
Michael Heckmann, Designee for Representative Miller  
Representative Brett Miller  
Eric Pistilli, Designee for Secretary Spicher  
Jill Vecchio, Designee for Representative Miller  
Thomas Waters, Designee for Treasurer Garrity

**Other Board Members and Designees:**

Charles Erdman, Designee for Senator DiSanto  
David Henderson  
Matt Lindsay, Designee for Senator Hughes  
Matt McCarry, Designee for Representative Frankel  
Dan Ocko, Designee for Representative Frankel  
Gregory Thall, Board Chairman

**SERS Staff:**

Kelly Bernhard  
Chelle Coleman  
Cindy Collins  
Jo Ann Collins  
Brenda Cunard  
Thomas Derr  
Taylor Frey  
Randy Gilson  
Pam Hile  
Dan Krautheim  
N. Joseph Marcucci  
Katie Mathews  
Ryan McCoy  
Michael McGeoy  
Sara McSurdy

N. Catherine Nolan  
Steven Skoff  
Matthew Soule  
Joseph Torta  
Rae Ann Tronetti  
William Truong  
Mark Walter  
Sheila Willrich  
Shannon Zimmerman

**Public**

Brain Kimmett – Rock the Capital

**1. Call to Order**

Prior to the meeting starting, the Committee members were informed that the meeting would be recorded. Christopher Craig, Designee for Committee Chair, Treasurer Garrity, called the meeting to order, at 1:02 p.m.

**2. Welcome and Roll Call**

Mr. McCoy, Internal Audit Director, took a roll call and stated a quorum was present.

**3. Approval of Minutes**

Mr. Craig presented the minutes from the July 23, 2024, Audit, Risk and Compliance Committee meeting to the committee.

**Motion:**

By motion that was moved by Mr. Craig and approved unanimously by committee members, it was;

RESOLVED: That this committee approves the meeting minutes from the July 23, 2024, Audit, Risk and Compliance Committee meetings.

**4. Old Business – None**

**5. Special Presentations – None**

**6. New Business** – Mr. McCoy presented the Internal Audit Office's 2025/2026 budget request to the Committee for review, which included the Office's predicted costs for the administrative fund of \$1,345,000, the investment fund of \$97,000, the defined contribution fund of \$52,000, and deferred compensation fund of \$33,000, amounting to a total budget request of \$1,527,000. The Office's personnel costs include the salaries and benefits of the three current staff, an unfilled vacancy which is being reclassified by human resources, and two new staff that are to be requested from the Budget Office once the budget period begins. Operating expenses include external audit costs and outsourced help for the Internal Audit Office, staff training, audit software, subscriptions and membership dues. After Mr. McCoy's presentation, Mr. Craig put forth a motion to the

Committee recommending approval by the Board of the 2025/2026 Internal Audit budget, and the motion passed.

**Motion:**

By motion that was moved by Mr. Craig and approved unanimously by committee members, it was;

RESOLVED: That this committee recommends that the Board approve, for Fiscal Year 2025-2026, the following proposed Internal Audit Office budgets:

- (1) A portion of the SERS Administrative Budget for the Internal Audit Office of up to \$1,345,000, inclusive of the addition of one new ST08 and one new ST09 internal auditor position;
- (2) A portion of the SERS Investment Budget for the Internal Audit Office of up to \$97,000;
- (3) A portion of the State Employees' Defined Contribution Plan Budget for the Internal Audit Office of up to \$52,000; and
- (4) A portion of the Commonwealth's Deferred Compensation Plan Budget for the Internal Audit Office of up to \$33,000,

each substantially in the same form as presented in the Internal Audit Office Director's FY 2025-2026 Internal Audit Budget Report, and each as amended and/or ultimately approved by the Office of the Budget.

**7. Executive Session**

At 1:14 p.m., the Committee then entered 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, or that is otherwise allowed under the Sunshine Act to be conducted in a closed meeting. The topics covered in executive session included:

- Policy and Procedure Review and Gap Assessment – Implementation Update
- Annual Vulnerability Assessment Review
- Enterprise Risk Management Risk Register Review
- 2025 Internal Audit Plan – Preliminary Review
- Chief Compliance Officer Update – Quarterly Report for the Period Ending June 30, 2024
- Independent Actuary Replication Service
- Theft, Fraud, and Abuse Hotline Update
- Chief Compliance Officer Quarterly Report: Audit, Risk and Compliance Committee Charter, Section V.E.4 – *Informational Item Only*

**8. Public Session Resumes** – Mr. Waters put forth a motion for approval of the Independent Actuary Replication Audit Services. The Independent Actuary Replication Audit Services was recommended by the Audit, Risk and Compliance Committee for Board approval, and the motion was approved by the Committee.

**Motion:**

By motion that was moved by Mr. Waters and approved unanimously by committee members, it was;

RESOLVED: That this committee recommends to the State Employees' Retirement Board that it approve the procurement of Independent Actuary Replication services under Request For Proposal "SERS - RFP 23-023" from the Offeror selected in accordance with the Commonwealth Procurement Code and the Department of General Services' policies, procedures, and guidelines for procurement of services. Consistent with Procurement Code requirements, the selected Offeror will be announced upon completion of successful contract negotiations.

**9. Committee Comments/Concerns/Questions – None**

**10. Motion to Adjourn**

By motion that was moved and approved by committee members, it was;

RESOLVED: That this meeting be adjourned at 2:52 p.m.

Respectfully submitted,



---

Ryan P. McCoy, CIA  
Internal Audit Director