

## MINUTES

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### Audit, Risk, and Compliance Committee

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**Tuesday, June 10, 2025 ~ Scheduled Start: 1:00 p.m. ~ Actual Start: 1:00 p.m.**

#### **ATTENDANCE AT COMMITTEE MEETING:**

##### **Board Members:**

*Committee Members noted with \* behind their name*

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Donald Enders Jr.*        | <input type="checkbox"/> Rep. Brett Miller*                      |
| <input type="checkbox"/> W. Russell Faber                     | <input type="checkbox"/> Michael Heckmann, Designee              |
| <input type="checkbox"/> Rep. Dan Frankel                     | <input checked="" type="checkbox"/> Jill Vecchio, Designee       |
| <input type="checkbox"/> Ann Baloga, Designee                 | <input checked="" type="checkbox"/> Sec. Uri Monson*             |
| <input type="checkbox"/> Jordan Laslett, Designee             | <input type="checkbox"/> Sen. Devlin Robinson                    |
| <input type="checkbox"/> Matthew McCarry, Designee            | <input type="checkbox"/> Stephanie Buchanan, Designee            |
| <input type="checkbox"/> Daniel Ocko, Designee                | <input type="checkbox"/> Allison Dutrey, Designee                |
| <input checked="" type="checkbox"/> John Galuska              | <input type="checkbox"/> Sec. Wendy Spicher*                     |
| <input type="checkbox"/> Tr. Stacy Garrity*                   | <input checked="" type="checkbox"/> Seamus Dubbs, Designee       |
| <input type="checkbox"/> Christopher Craig, Designee          | <input type="checkbox"/> Eric Pistilli, Designee                 |
| <input type="checkbox"/> Lloyd Ebright, Designee              | <input checked="" type="checkbox"/> Jeffrey Soderstedt, Designee |
| <input checked="" type="checkbox"/> Tom Waters, Designee      | <input type="checkbox"/> Gregory Thall (Board Chair)             |
| <input type="checkbox"/> Sen. Vincent Huges                   |  |
| <input checked="" type="checkbox"/> Matthew Lindsay, Designee |  |
| <input type="checkbox"/> Antoinette Marchowsky, Designee      |  |

##### **SERS Leadership:**

*Committee Liaisons and Committee Counsel noted with \* behind their job title*

- |   |                           |
|---|---------------------------|
| <input checked="" type="checkbox"/> Chief Compliance Officer* | <i>N. Joseph Marcucci</i> |
| <i>Jo Ann Collins</i>   |                           |
| <input checked="" type="checkbox"/> Chief Financial Officer   |                           |
| <input checked="" type="checkbox"/> Chief Counsel*            | <i>Sara McSurdy</i>       |

- ☒ Chief Information Officer  
*Daniel Krauthaim*
- ☒ Chief Investment Officer  
*James Nolan*
- ☒ Comm. Director & Press Secretary  
*Pamela Hile*
- ☒ Deputy Chief Counsel (Benefits)  
*Catherine Nolan*
- ☐ Deputy Chief Counsel (Transactions)  
*Steven Skoff*
- ☐ Deputy Chief Financial Officer  
*Michael McGeoy*
- ☐ Deputy Chief Investment Officer  
*Willaim Truong*
- ☒ Deputy Executive Director for Admin.

**SERS Board Committee Support:**

- ☒ Administrative Assistant, OA  
*Kelly Bernhard*
  - ☒ Administrative Officer, IT  
*Taylor Frey*
  - ☒ Executive Assistant, Admin.  
*Shannon Zimmerman*
  - ☒ Executive Assistant, Board Ed.  
*Sheila Willrich*
  - ☒ Executive Secretary  
*Courtney Yurovich*
- Elizabeth Christian*
  - ☒ Deputy Executive Director for MPS  
*Brenda Cunard*
  - ☒ Director of Gov. & Strategic Initiatives  
*Cynthia Collins*
  - ☒ Executive Director  
*Joseph Torta*
  - ☒ HR Director  
*Michele Shaner*
  - ☒ Internal Audit Director\*  
*Ryan McCoy*
  - ☒ Legislative Affairs & Policy Director  
*Thomas Derr*

**Other SERS Staff:**

- Joseph Auchey, Internal Audit
- Cathy Gusler, Operations Office
- Robert Neccai, Chief Counsel's Office
- Cara Trego, Internal Audit
- Rae Ann Tronetti, Internal Audit

**Other Attendees:**

- Eric Forkner, KPMG
- Brian Kimmett, Rock the Capital

- Craig Swallow, KPMG

**NARRATIVE/ISSUES:****1. Call to Order and Roll Call**

The meeting was called to order at 1:00 p.m. by Thomas Waters, Designee for Treasurer Stacy Garrity, Chair of the Audit, Risk, and Compliance Committee.

**2. Welcome and Introductions**

None

**3. Approval of the Minutes**

The Committee approved the minutes from the April 29, 2025, Audit, Risk, and Compliance Committee meeting.

**4. Old Business**

None

**5. Special Presentations**

None

**6. New Business****A. Internal Audit Strategic Plan**

Mr. McCoy, Internal Audit Director, reiterated that the Internal Audit Strategic Plan was available for review since the previous Audit, Risk, and Compliance Committee meeting and asked if the Committee had any questions regarding the Internal Audit Strategic Plan before a vote for recommendation to the full Board.

The committee voted unanimously to recommend to the State Employees' Retirement Board to approve the Internal Audit Strategic Plan, as located in BoardDocs at the Audit, Risk and Compliance Committee meeting agenda item 6A.

The roll call vote tabulation was as follows:

<b>Board Member</b>	<b>Vote</b>
ENDERS	Yes
GARRITY	
Designee: Waters	Yes
MILLER	
Designee: Vecchio	Yes
MONSON	Yes
SPICHER	
Designee: Dubbs	Yes

**B. Internal Audit Office Update**

Mr. McCoy briefly updated the Committee on the current state of the ongoing SOC audit being performed by Clifton, Larson, Allen as well as the ongoing Actuarial audit being performed by Gabriel Roeder Smith & Co. and informed the Committee that timetables for each engagement were attached to BoardDocs agenda item 6B as informational items only.

Mr. McCoy then introduced the new Senior Information Technology Auditor, Joseph Auchey to the Committee. Mr. Auchey briefly introduced himself, providing a summary of his educational background, past work experience and credentials.

Next, Mr. McCoy provided a 2025 Internal Audit Plan Update to the Committee which included an anticipated July Committee date to report on the member and participant account authorization controls that were encompassed in the Data Protection piece of the Internal Audit Plan's Data Privacy and Protection Review. He also informed the Committee that the full audit would conclude and be reported on to the Committee at the September 2025 meeting.

For the last part of Mr. McCoy's Internal Audit Office Update, he and SERS' Procurement Officer, Cathy Gusler, presented a discussion on the procurement of External Auditor Services. Mr. McCoy explained that this audit is required by the Pennsylvania Retirement Code and the current contract expires in October 2026. Ms. Gusler then provided an overview of the procurement process and the procurement rules as they relate to this RFP process, and Mr. McCoy reviewed an anticipated timeline for the procurement. Mr. McCoy requested volunteers for the External Auditor Services Procurement process from Committee members or their designees and asked that any volunteers followed the procurement process rules to remain confidential and only inform the Committee Chair or himself when volunteering.

The committee voted unanimously to recommend to the State Employees' Retirement Board to authorize SERS Staff to initiate the procurement process for SERS' External Auditor Services.

The roll call vote tabulation was as follows:

<b>Board Member</b>	<b>Vote</b>
ENDERS	Yes
GARRITY	
Designee: Waters	Yes
MILLER	
Designee: Vecchio	Yes
MONSON	Yes
SPICHER	
Designee: Dubbs	Yes

**7. Executive Session**

The Committee entered Executive Session at 1:27 p.m.

**A. Results of 2024 Independent Financial Statement Audit by KPMG**

- i. Independent Auditor's Required Communications to the Audit, Risk and Compliance Committee – Auditing Standard, AU-C Section 260
- ii. Commonwealth of Pennsylvania State Employees' Retirement System 2024 Financial Statements with Required Supplementary Information
- iii. Commonwealth of Pennsylvania State Employees' Retirement System Deferred Compensation Plan 2024 Financial Statements

**B. Benefit Payment Review Discussion by Rae Ann Tronetti, Assistant Internal Audit Director****C. Chief Compliance Officer Update- Compliance Quarterly Report for the Period Ending March 31, 2025****D. Fraud Hotline Update by Cara Trego, Audit Specialist****E. Informational Items**

- i. Chief Compliance Officer Quarterly Report: Audit, Risk and Compliance Committee Charter, Section V.E.4.

**8. Public Session Resumes**

The Committee exited Executive Session at 1:58 p.m. and resumed the public session of the meeting.

**A. The committee unanimously voted to recommend to the State Employees' Retirement Board accept:**

- i) the audited 2024 Financial Statements with Required Supplementary Information with Independent Auditors' Report for Years Ended December 31, 2024, and December 31, 2023, of the Commonwealth of Pennsylvania State Employees' Retirement System and State Employees' Defined Contribution Plan, and
- ii) the audited 2024 Financial Statements with Required Supplementary Information with Independent Auditors' Report for Years Ended December 31, 2024, and December 31, 2023, of the Commonwealth of Pennsylvania Deferred Compensation Plan, as presented by our independent auditors, KPMG LLP as set forth in BoardDocs at Agenda Item 7a.

The roll call vote tabulation was as follows:

Board Member	Vote
ENDERS	Yes
GARRITY	
Designee: Waters	Yes
MILLER	
Designee: Vecchio	Yes

MONSON	Absent
SPICHER	
Designee: Dubbs	Yes

**9. Informational Items**

None

**10. Comments, Concerns, Questions, and Reminders**

The next committee meeting is scheduled for Tuesday, July 22, 2025.

**11. Motion to Adjourn**

By motion that was moved, seconded, and approved, it was RESOLVED that the meeting be adjourned 2:02 p.m.

**12. Follow up / Next Steps**

None

Respectfully Submitted,



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Ryan McCoy  
Internal Audit Director