

**SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION
AUDIT COMMITTEE MEETING**

**SC Retirement System Investment Commission
1201 Main Street, 15th Floor
Columbia, SC 29201
Meeting Location: Presentation Center
Friday, September 25, 2015 at 2:30 p.m.**

Committee Members Present:

Mr. Allen Gillespie, Chairman, (via telephone)
Ms. Peggy Boykin
Mr. Edward Giobbe, (via telephone)

Others present for all or a portion of the meeting on September 25, 2015: Geoff Berg, Andrew Chernick, Dori Ditty, John Farmer, Robert Feinstein, Michael Hitchcock, and Monica Houston from the South Carolina Retirement System Investment Commission; John Page from the South Carolina Public Employee Benefits Authority (“PEBA”); The Honorable Curtis Loftis, (non-voting observer), and Melinda Al Hasan from the State Treasurer’s Office; and Jon Rauh from the South Carolina Association of School Administrators.

I. CALL TO ORDER AND CONSENT TO AGENDA: Chairman Allen Gillespie relinquished the chair to Ms. Peggy Boykin, who called the meeting of the Audit Committee (“Committee”) to order at 2:34 p.m. Ms. Boykin noted that there was a scrivener’s error in the proposed Agenda for the Approval of Minutes date. Mr. Gillespie made a motion to adopt the Agenda as amended to reflect the correct date of May 14, 2015 for the Approval of Minutes, Mr. Giobbe seconded the motion and it passed unanimously.

II. EXECUTIVE SESSION: Ms. Boykin moved to go into Executive Session to obtain advice from legal counsel and to discuss personnel matters pursuant to S.C. Code Ann. Sections 30-4-70(a)(1) and (a)(2) and to discuss matters exempted from public disclosure pursuant to S.C Code Ann. Section 2-15-120 Mr. Giobbe seconded the motion, which passed unanimously.

The Committee reconvened in open session. Ms. Boykin reported that no action was taken during Executive Session.

III. APPROVAL OF MINUTES (May 14, 2015): Mr. Giobbe made a motion to approve the May 14, 2015 Minutes as presented. Mr. Gillespie seconded the motion, which passed unanimously.

IV. 2014-15 RSIC MANAGEMENT REPRESENTATION LETTER: Mr. Michael Hitchcock, Executive Director, and Ms. Boykin reviewed the purpose of the letter and the process by which it is produced. Mr. Hitchcock noted that he had asked that the Committee review the letter to understand what was included and to have the opportunity to provide feedback and ask questions. Ms. Boykin explained that the letter from the RSIC includes representations for which the RSIC Executive Director signs, and PEBA takes into consideration when Ms. Boykin, as the PEBA Executive Director, signs the Management Representation to PEBA’s external auditor. She noted that PEBA’s Management Representation is much broader in nature than the letter provided by the RSIC. She also

stated that the external auditor has reviewed the contents of the letter from RSIC and currently the external auditor does not believe additional information is needed in the letter from RSIC. Mr. Gillespie asked if the Committee should review a list of questions from the external auditor for which RSIC is presenting the RSIC's Management Representation letter to PEBA. Ms. Boykin noted that the RSIC only includes responses to the questions reflected in the current RSIC Management Representation Letter, but noted that she is willing to provide the larger set of questions sent to PEBA to Mr. Gillespie. In response to another question from Mr. Gillespie, Ms. Boykin explained that the Management Representation Letter reflected the fiscal year end but included all of the time to the end of the external auditor's field work. She added that if any additional information was requested by the external auditor to be included in the letter, she would notify the RSIC promptly.

- V. INTERNAL AUDIT UPDATE:** Ms. Monica Houston provided the Committee with a brief update that included revisions to close out the Audit Plan FY 2014 - 2015. Ms. Houston's updates included that the Ethics and Conflicts item still has remaining work to be done; Annual Investment Report initially had 12 hours of work to be completed, Ms. Houston stated she will need to review the work previously performed and complete the audit, she will need additional time; Performance Reporting item had been completed since the last Committee meeting; AIP/SIOP compliance item has 7.5 hours remaining; and Agency Relationships item is on track for the target dates in the Plan. Ms. Houston concluded her presentation by stating that she could provide a revised report reflecting the time she would need to personally complete the Plan, in light of discussions in executive session, should the Committee desire one.
- VI. 2015-16 INTERNAL AUDIT PLAN AND RESOURCING:** Mr. Gillespie moved that the 2015-2016 Internal Audit Plan and Resourcing be carried over to a future meeting; Mr. Giobbe seconded the motion, which was approved unanimously.
- VII. ADJOURNMENT:** There being no further business, Mr. Giobbe made a motion to adjourn the meeting. Mr. Gillespie seconded the motion, which passed unanimously, and the meeting adjourned at 4:36 p.m.

[Staff Note: In compliance with S.C. Code Ann. §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 at the entrance, in the lobbies, and near the 15th Floor Conference Room at 1201 Main Street, Columbia, SC, on September 24, 2015 at 11:06 a.m.]