

**South Carolina Retirement System Investment Commission
Audit and Enterprise Risk Management Committee Meeting
Minutes**

**August 17, 2022 10:30 a.m.
Capitol Center
1201 Main Street, Suite 1510
Columbia, South Carolina 29201
Meeting Location: Video Presentation**

Committee Members Present:
Ms. Peggy Boykin, Acting Chair
Mr. William J. Condon, Jr.

I. CALL TO ORDER AND ADOPTION OF PROPOSED AGENDA

Acting Chair Ms. Peggy Boykin called the meeting of the Audit and Enterprise Risk Management Committee (“Committee”) of the South Carolina Retirement System Investment Commission (“RSIC”) to order at 10:31 a.m. Mr. William J. Condon, Jr., made a motion, which was seconded by Ms. Boykin, to adopt the agenda as presented, and it was unanimously approved.

II. APPROVAL OF MINUTES (MARCH 15, 2022)

Chair Boykin referred to the draft minutes from the Committee’s March 15, 2022 meeting. Mr. Condon made a motion to adopt the minutes from the March 15, 2022 Committee meeting as presented. Ms. Boykin seconded the motion, and it was unanimously approved.

III. INTERNAL AUDIT UPDATE

Chair Boykin then recognized Mr. Mitchell Goldsmith, Senior Legal Counsel, and asked for his report. Mr. Goldsmith began by reviewing the engagements completed during the 2021-22 Fiscal Year. Notably, Mr. Goldsmith stated that Deloitte & Touche, LLP (“Deloitte”) had completed both the Cyber Risk Assessment Review (“Cyber Review”) and the Human Capital Review (“HC Review”). He then introduced Mr. Joshua Halliburton, who is an Advisory Manager with Deloitte, to provide a report on the findings of the Cyber Review.

Mr. Halliburton reviewed the report provided in the Committee’s meeting materials and stated that Deloitte considered the overall result of the engagement to be quite positive. No questions were asked regarding the report or Mr. Haliburton’s overview.

Next, Mr. Goldsmith introduced Mr. Mike Brodsky, who is a Managing Director with Deloitte, to provide the results of the HC Review, which consisted of an anonymous survey of all fulltime employees and asked questions about key processes, including hiring, onboarding, training, work environment, work-life balance, retention strategies, recognition programs, and performance evaluations.

Mr. Brodsky assured the Committee members that the areas important to RSIC's employees are being acted upon by management, and he noted that the responses from the survey are consistent with what Deloitte is seeing industry wide. Mr. Michael Hitchcock, Chief Executive Officer, noted that the HC Review was very helpful in terms of directing RSIC's Human Resource-related initiatives moving forward. Following some discussion, Mr. Brodsky concluded his remarks.

Then, Mr. Goldsmith turned to a discussion of the engagements to be completed in the 2022-23 Fiscal Year. He began by noting that the Investment Risk Management Maturity Assessment ("IRM Review") will be held over from the prior fiscal year due to some delays. Next, Mr. Goldsmith noted that RSIC will be utilizing a new vendor for the Agreed-Upon Procedures ("AUP") Review of RSIC's Investment Valuation, Investment Diligence, and Staff Compliance ("Investment AUP Review"). The new vendor is Crowe LLP, and RSIC Staff will be working to get them up to speed on RSIC's policies and procedures so they can perform the review. Chair Boykin noted that Crowe LLP is also performing the audit of the Annual Comprehensive Financial Report and that decision drove the change. Finally, Mr. Goldsmith noted that Deloitte would be performing the annual risk assessment refresh in order to develop the annual internal audit plan. He noted that Deloitte's review will be conducted in tandem with Ms. Michelle Kennedy's, Director of Enterprise Risk Management ("ERM") and Compliance, update of RSIC's internal risk assessment. Mr. Goldsmith then concluded his remarks.

IV. COMPLIANCE AND ENTERPRISE RISK MANAGEMENT UPDATES.

Chair Boykin then recognized Ms. Kennedy and asked for her report. Ms. Kennedy began her presentation with compliance matters as of March 31, 2022. She noted one technical violation in the area of personal trading but stated that it had been cured. Ms. Kennedy reported that there were no other material issues to note. Ms. Kennedy then reviewed RSIC's ERM Dashboard, which she noted shows both Deloitte's external risk assessment and RSIC's internal risk assessment. She concluded by noting that ERM-related work is ongoing.

V. EXECUTIVE SESSION

Thereafter, Ms. Boykin made a motion to recede into Executive Session to discuss investment matters related to internal audit reviews pursuant to S.C. Sections 9-16-80 and 9-16-320; to discuss negotiations incident to propose contractual matters and to receive legal advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(2); to discuss development of security personnel or devices pursuant to S.C. Code Section 30-4-70(a)(3); and to discuss personnel matters related to the annual review of the Internal Audit Coordinator pursuant to S.C. Code Section 30-4-70(a)(1). Mr. Condon seconded the motion, and it was unanimously approved. The Committee then recessed into Executive Session.

VI. POTENTIAL ACTIONS RESULTING FROM EXECUTIVE SESSION

The Committee met in Executive Session to discuss investment matters related to internal audit reviews pursuant to S.C. Code Sections 9-16-80 and 9-16-320; to discuss negotiations incident proposed contractual matters and to receive legal advice pursuant to S.C. Code Section 30-4-70(a)(2); and to discuss the development of security personnel

or devices pursuant to S.C. Code Section 30-4-70(a)(3); and to discuss personnel matters related to the annual review of the Internal Audit Coordinator pursuant to S.C. Code Section 30-4-70(a)(1). Chair Boykin stated that no action was taken during Executive Session.

VII. ADJOURNMENT

There being no further business, Mr. Condon made a motion to adjourn, and Ms. Boykin seconded the motion, which was unanimously approved.

[Staff Note: In compliance with S.C. Code Ann. Section 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 on August 11, 2022 at 1:46 p.m. at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C.]