

Minutes
Audit Committee Meeting
April 4, 2013

A meeting of the State Board of Administration (SBA) Audit Committee (Committee) was held at 9:00 A.M. on April 4, 2013, in the Hermitage Room at the Hermitage Centre, Tallahassee, Florida.

Members Present: Kimberly Ferrell, Chair via teleconference
Rodolfo Engmann, Vice Chair via teleconference
Judy Goodman, Member

Other Attendees:

Kathy Whitehead, Chief Operating/Financial Officer, SBA	Loveleen Verma, Manager of Internal Audit, SBA
Florida Rivera-Alsing, Chief Audit Executive, SBA	Marcia Carroll, Manager of Internal Audit, SBA
Eric Nelson, Chief Risk and Compliance Officer, SBA	Daniel Weber, Senior Audit Analyst III, SBA
	Elizabeth Scott, Audit Analyst II, SBA

CALL TO ORDER

Ms. Ferrell called the meeting to order at 9:00 A.M.

APPROVAL OF MINUTES

The Committee approved the minutes of the February 11, 2013 meetings. The votes were unanimous.

OFFICE OF INTERNAL AUDIT BUDGET FOR FISCAL YEAR 2013-14

- Mr. Engmann asked why there was no change to the budget for salaries and benefits. Ms. Whitehead explained that she had asked Ms. Rivera-Alsing to propose flat salaries and benefits for the time being. These are expected to change when the proposed budget goes to the Compensation Committee (a subcommittee of the Investment Advisory Council) and the Trustees. Ms. Whitehead requested that the Committee allow flexibility to adjust the salaries and benefits subsequent to its approval of the budget.
- Ms. Goodman asked if the budget would be re-submitted to the Committee for approval after Ms. Whitehead proposes changes to salaries and benefits. Ms. Whitehead informed the Committee that there logistically would not be enough time to re-submit the budget to the Committee prior to the Trustees' approval. She further explained that budget decisions would be communicated to the Committee, and the Committee will have other avenues available if they do not agree with the decisions.
- Ms. Ferrell asked about the nature of the continuous auditing budget. Ms. Rivera-Alsing explained that the continuous auditing initiative was initially included in the 2012-13 audit plan, but was rescheduled because of the information technology operational audit of the Auditor General. The budget was separate from the current electronic work paper initiative. She advised that ACL software is currently being evaluated to provide continuous auditing capabilities.
- Ms. Goodman asked if the OIA was using the electronic work papers application created by the Department of Children and Families (DCF). Ms. Rivera-Alsing confirmed. Ms. Goodman asked if the implementation of the electronic work papers application was on schedule. Ms. Rivera-Alsing responded that the testing of the electronic work papers application was still in progress because of the several customizations requested by the OIA.
- A motion was made and seconded to approve the OIA budget for the fiscal year 2013-14, subject to salary and benefit changes that the SBA may make. The vote was unanimous.

FOLLOW-UP ON NETWORK SECURITY ASSESSMENT

- Ms. Rivera-Alsing requested approval to contract with Ernst & Young (EY) to follow-up on the recommendations related to the network security assessments.
- Mr. Engmann asked if the report for the follow-up will be available at the next meeting.
- Ms. Rivera-Alsing responded that the EY follow-up draft report is scheduled to be submitted by the end of May at the latest. The final report is scheduled to be completed and presented to the Committee on June 3, 2013.
- A motion was made and seconded to contract with EY for the follow-up. The vote was unanimous.

OTHER ITEMS OF INTEREST

- Mr. Engmann informed the Committee that he will be joining Ms. Rivera-Alsing and Mr. Nelson in Jacksonville, FL for a meeting with Florida Blue, a participant of IIA best practices. The meeting topics will center around internal audit and enterprise risk management functions. Ms. Ferrell requested that Ms. Rivera-Alsing provide a brief note about the meeting once she returns from Jacksonville. Ms. River-Alsing agreed.
- Ms. Rivera-Alsing informed the Committee that the next meeting, scheduled for June 3, 2013, would consist of a closed meeting beginning at 8:30 A.M., followed by a public meeting at 9:30 A.M.

ADJOURNMENT

The meeting adjourned at 9:20 A.M.



Kimberly Ferrell, Chair
June 3, 2013