

**Minutes**  
**Audit Committee Meeting**  
**January 30, 2017**

A meeting of the State Board of Administration (SBA) Audit Committee (Committee) was held at 9:30 A.M. on January 30, 2017, in the Hermitage Room at the Hermitage Centre, Tallahassee, Florida.

**Members Present:** Kimberly Ferrell, Chair  
Mark Thompson, Vice- Chair  
Judy Goodman, Member

**Other Attendees:**

Lamar Taylor, Chief Operating/Financial Officer, SBA	Lynne Gray, Sr. Portfolio Manager Real Estate, SBA
Dennis MacKee, Acting Deputy Executive Director, SBA	Loveleen Verma, Manager of Internal Audit, SBA
Karen Chandler, Chief Risk and Compliance Officer, SBA	Elizabeth Scott, Manager of Internal Audit, SBA
Ken Chambers, Inspector General, SBA	Ron King, Senior Audit Analyst III, SBA
Kim Stirner, Chief Audit Executive, SBA	Destin DuBose, Senior Audit Analyst III, SBA
Carolyn McGriff, Enterprise Risk Management Manager, SBA	Scott Armstrong, Audit Data Analyst III, SBA
Katherine Adkins, Manager of Financial Operations-FHCF, SBA	Kimberly Calhoun, Internal Audit Administrative Assistant, SBA

**CALL TO ORDER**

Ms. Ferrell called the meeting to order at 9:47 A.M.

**APPROVAL OF THE MINUTES**

The Committee unanimously approved the minutes of the meeting held on November 14, 2016.

**SBA EXECUTIVE DIRECTOR & CIO REPORT**

Mr. Taylor provided the following updates.

- Kathy Whitehead retired January 20, 2017. Mr. Taylor is the new Chief Operating Officer and Chief Financial Officer. Mr. MacKee is the Acting Deputy Executive Director replacing Mr. Taylor in that role.

Mr. MacKee provided the following updates:

- The Florida Retirement System (FRS) Pension Plan fiscal year to date as of close of business January 27, 2017 was 6.8 percent, 2 basis points ahead of benchmark.
- Update on proposed legislative changes to the FRS pension and investment plans; including changes to beneficiary rules.

**REQUEST FOR QUOTE (RFQ) FOR REAL ESTATE POOL OF FIRMS TO PROVIDE AUDIT, TAX AND OTHER AUP SERVICES**

Ms. Scott presented the final selection of respondents by the Evaluation Team:

- The Evaluation Team selected the top seven out of 17 respondents as the Real Estate Pool.
- Mr. Thompson asked how the top seven were determined. Ms. Scott provided a summary of the process.
- The Committee unanimously approved the firms selected for the Real Estate Pool.

**OFFICE OF INTERNAL AUDIT QUARTERLY REPORT**

Ms. Verma presented the following:

- Status of the FY 2016/17 annual audit plan
- Data analytics program accomplishments and timeline
- Status of the FY 2016/17 OIA department goals
- Timing of RFQs and ITNs

Ms. Scott presented the following:

- The results of the Global Equity Internal Trading Operational Audit
  - Observations and action plans
  - OIA will provide the Audit Committee an acronym appendix
- New and closed action plans and recommendations

- Status of management action plans for audit projects
- Status of recommendations for advisory projects

Ms. Stirner presented the following:

- Initial meeting with Crowe Horwath as FRS auditor
- Annual risk assessment joint process with RMC
- Proposed date change for Audit Committee meeting from October 30<sup>th</sup> to November 13<sup>th</sup> due to timing of issuance of FRS financial statements.
- The Committee unanimously approved the new date of November 13, 2017.

**CHIEF RISK & COMPLIANCE OFFICER QUARTERLY REPORT**

Ms. Chandler presented the following:

- A summary of the CRCO Quarterly Report including the following:
  - Risk assessment process
  - No material compliance exceptions
  - 2016-17 RMC Self-Assessment
- The Enterprise Risk Management activities and results including:
  - Risk appetite and management plan as approved by the Risk and Compliance Committee
  - Residual risk considered by management to be within acceptable tolerance levels
  - Further risk mitigation efforts will be considered as practical

**APPROVAL OF THE COMMITTEE'S ANNUAL INDEPENDENCE STATEMENT**

- Each member of the Audit Committee signed the 2017 Annual Independence Statement.

**ELECTION OF THE COMMITTEE'S CHAIR AND VICE CHAIR**

- Ms. Ferrell nominated Mr. Thompson to serve as upcoming Chair and Ms. Goodman to serve as Vice-Chair.
- The Audit Committee unanimously approved.

**OTHER ITEMS OF INTEREST**

- Mr. Taylor provided an update of the audits of the real estate title holding companies for Fiscal Year ending June 30, 2016, and indicated there were no material items to report to the audit committee.
- The next Committee meeting is scheduled for April 17, 2017.

**ADJOURNMENT**

The meeting adjourned at 10:34 A.M.



Mark Thompson, Chair

April 17, 2017