

PUBLIC

ALASKA
RETIREMENT
MANAGEMENT
BOARD

MARCH
15, 2023

AUDIT COMMITTEE

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD

AUDIT COMMITTEE MEETING

March 15, 2023 – 9:00 a.m.

Location: State Office Building Department of Administration Large Conference Room, 10 th Floor 333 Willoughby Ave., Juneau, AK	Teleconference: Call-In #: 1-907-202-7104 Code: 739 534 743#
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- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. A. Approval of Agenda**
B. Approval of Minutes – November 30, 2022
- V. Public / Member Participation, Communications and Appearances**
*(Three Minute Limit. Callers may need to select *6 to unmute.)*
- VI. Reports**
 - A. GASB 68 / 75 Final Reports**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - B. FY2022 Annual Comprehensive Financial Reports (ACFRs) – PERS / TRS**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - C. Employer Audits**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - D. Report of Delinquent/ Late Filing Employers**
Kevin Worley, Chief Financial Officer, Division of Retirement & Benefits
 - E. Compliance Report and Update**
Hunter Romberg, Senior Compliance Officer
- VII. Future Meetings**
 - A. Calendar Review**
 - B. Agenda Items**
 - C. Requests / Follow-Ups**
- VIII. Other Matters to Properly Come Before the Committee**
- IX. Public / Members Comments**
- X. Adjournment**

**ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE MEETING
HYBRID/TEAMS**

**November 30, 2022
9:00 a.m.**

**Originating at:
Atwood Conference Center
550 West 7th Avenue, 1st
Anchorage, Alaska**

Trustees Present:

Michael Williams, Chair	Donald Krohn
Allen Hippler (joined at 9:35 a.m.)	Bob Williams
Lorne Bretz	

Other Trustees Present:

Commissioner Adam Crum	Dennis Moen
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Department of Revenue Staff Present:

Zach Hanna, Chief Investment Officer	Pamela Leary, Director, Treasury Division
Scott Jones, Head of Investment Operations, Performance & Analytics	Ryan Kauzlarich, Assistant Comptroller Hunter Romberg, Senior Compliance Officer
Chris Madsen, Administrative Operations Manager	Stephanie Pham, State Investment Officer Grant Ficek, Business Analyst
Alysia Jones, Board Liaison	

Department of Law Staff Present:

Ben Hofmeister, Assistant Attorney General

Department of Administration, Division of Retirement & Benefits Present:

Ajay Desai, Director, DRB	Kevin Worley, Chief Financial Officer
Jim Puckett, Chief Pension Officer	Roberto Aceveda, Benefits & Counseling Manager
Nimeri Denis, Audit & Review Analyst 2	

KPMG

Elizabeth Stuart, Audit Partner

Buck:

David Kershner, Principal, Consulting Actuary

Investment Advisory Council:

Ruth Ryerson, IAC Member

Public Present:

Randall Burns, RPEA

PROCEEDINGS

CALL TO ORDER

CHAIR MIKE WILLIAMS called the Audit Committee to order and asked for a roll call.

MS. JONES called the roll.

PUBLIC MEETING NOTICE

CHAIR MIKE WILLIAMS asked to confirm that the public meeting notice was met.

MS. JONES replied, yes, it had.

APPROVE THE AGENDA

CHAIR MIKE WILLIAMS asked for a motion to approve the agenda.

MOTION: A motion to approve the agenda was made by TRUSTEE BOB WILLIAMS.

There being no objection, the MOTION was APPROVED.

APPROVAL OF MINUTES

CHAIR MIKE WILLIAMS moved to the committee minutes of the September 14, 2022, and October 10, 2022, meetings, and entertained a motion.

MOTION: A motion to accept the minutes of the September 14, 2022, and October 10, 2022, meetings was made by TRUSTEE KROHN.

There being no objection, the MOTION was APPROVED.

PUBLIC/MEMBER PARTICIPATION, COMMUNICATIONS AND APPEARANCES

CHAIR MIKE WILLIAMS asked if there were any members of the public online or in the room that wished to address the Audit Committee. There being none, he recognized Scott Jones from Treasury.

MR. JONES introduced Hunter Romberg, the new senior compliance officer who does the monthly compliance reports.

MS. ROMBERG stated that she received a bachelor's degree in business administration with majors in accounting and management information systems from the University of Alaska-Anchorage. She continued that she was an active CPA and also recently received a certificate in investment performance measurement from the CFA Institute, which was active as of November. She added that she had been with Treasury for about four years: one year in cash management; and three years in the middle office. She noted that her primary goal right now is working on modernizing compliance processes by leveraging some skills and knowledge from her education and prior experiences: automating some of the data collections; enhancing data availability; and streamlining and simplifying some of the verification processes.

CHAIR MIKE WILLIAMS welcomed Ms. Romberg and asked if the members of the Audit Committee had any questions for her. He added that they would see her when the board meets in Juneau in March. He continued with the agenda, and welcomed the Division of Retirement and Benefits.

REPORTS

DIVISION OF RETIREMENT AND BENEFITS AUDITED FINANCIAL STATEMENTS

MR. WORLEY introduced Beth Stuart and Melissa Beedle from KPMG for a report on the final audited reports that were presented at the Audit Committee in October.

MS. STUART gave an overview of the audit results and added that all of the reports on the retirement systems were issued and completed around October 15th, on track with the planned schedule this year. She noted one deficiency in internal control reported that was the ongoing material weakness related to the census data at the National Guard and Naval Militia Retirement System, which had been discussed at previous committee meetings. She stated that unmodified opinions were issued for all auditors' reports, except for the National Guard. She explained that an unmodified opinion was the best opinion that there was to give, and stated they believe that the financial statements of the plans were presented in accordance with the applicable accounting standards. Relating to the National Guard plan which is the same opinion issued for the past several years.

MS. STUART moved to the uncorrected misstatements, and noted that, consistent with previous years, there was an uncorrected misstatement related to the lag in timing of the alternative investments. They did not believe that represented an internal control deficiency or fraud or any area of concern for the board. Rather, it was a result of policy and the need to issue the financial statements timely before all the information was available. There were no corrected misstatements, because there were none. There were no adjustments that management reported to the financial statements. There were no other matters to report.

MS. STUART then went through a summary of the areas required by their professional standards to be communicated to the board. Most of them said no matters to report. She stated that there were no areas of concern or different than their audit plan. She summarized the timing difference and explained the overall result would have been an approximate 5 percent decrease in total investment income from what was actually reported. She added that the dollar amount was not large enough for them to be concerned that it would indicate a material misstatement in the financial statements, particularly at the system level.

MS. STUART then provided a summary of the accounting estimates and moved to the most significant financial statement disclosure. She noted that disclosures were important because it was the only place in the financial statements that disclosed the plan liability and the funded status of that plan. They concluded that there were no errors or indicators of bias in the disclosed amount of the plan, the pension liability, or the OPEB liability.

MS. STUART continued that the annual comprehensive financial reports would be reviewed when they become available, and they would provide comment if there were inconsistencies, but that they do not audit those reports. She asked Ms. Beedle to talk about some of the information learned during the audit.

MS. BEEDLE stated that, as part of the audit, they had done data analysis over total populations related to census for the plans, for benefit payments, and for contributions. This was related to the PERS census for active and inactive members; people who retired; people still working. They compared last year's and this year's census data and had 11,000 records that had a difference this year, which included the active population, as well. The differences were then assessed on whether they would have a material impact to the calculation of the pension liabilities or the OPEB liabilities. She stated that the biggest differences were changes in eligible compensation or years of service, which were expected. An outline was provided that summarized changes in status, dates of hire, and dates of terminations. She then reviewed the TRS census data insights; the biggest differences were the same as those noted for PERS.

CHAIR MIKE WILLIAMS asked for any questions from Audit Committee members. There being none, he thanked Ms. Stuart and Ms. Beedle.

MS. BEEDLE added that the audits were able to be completed in the timing as described, October 14th, 15th. She stated that this was due to the cooperation from both Treasury staff and from the retirement system staff, and she stated her appreciation for working with them.

MR. WORLEY stated that KPMG did a fantastic job, as well as Treasury, in meeting all the deadlines.

CHAIR MIKE WILLIAMS thanked all.

MR. WORLEY stated that they were working with the National Guard to provide accurate data for the actuarial valuation performed every two years. They were also working to finalize the data and get it to Buck, and then KPMG would be able to audit that. He continued, that they would be working with the administration at the Department of Military and Veterans Affairs to get everything documented and would have a memorandum to share with the committee next year.

CHAIR MIKE WILLIAMS did not see anything out of the ordinary or unusual in the management representation letters. He asked if there was anything from DRB's or KPMG's perspective that was anything other than the standard procedural representation letters.

MR. WORLEY replied that it was standard.

MS. STUART also replied that the representations were standard and consistent with previous years, as well.

MR. WORLEY stated that he would be looking at the annual comprehensive financial reports, and that the Division was currently working on them, with a statutory deadline of December 31st to get them finalized and issued.

CHAIR MIKE WILLIAMS asked for any other questions or comments on the audit report. There being none, he moved to the next item.

GASB 68/75 PERS & TRS ALLOCATION SCHEDULES FOR PARTICIPATING EMPLOYERS

MR. WORLEY stated that the Governmental Accounting Standards Board issued guidance on the allocation of the that the PERS and TRS plans have. He explained because PERS and TRS are cost share plans, the net pension liability or net OPEB assets / liabilities must be allocated to all the participating employees. He continued that the schedule would also be audited. There are eight allocation schedules prepared with assistance from Buck, and then audited by KPMG. He talked about the amounts that will be allocated to the participating employers and reminded everyone that each of the health plans were overfunded. He added that draft versions of the reports were included in the packet and that KPMG was in the process of auditing them.

CHAIR MIKE WILLIAMS asked for any questions from committee members. There being none, he thanked Mr. Worley and moved to the internal audit report.

INTERNAL AUDIT REPORT

MR. WORLEY stated there were no updates on the internal audit report. He noted that they were recruiting for the Social Security administrator position as well as the compliance accountant. He added that they were continuing to work on the audits that were in progress.

REPORT ON DELINQUENT/LATE FILING EMPLOYERS

MR. WORLEY stated that the report on delinquent and late-filing employees was as of November 14th. He stated that the list has grown since the last report in June, and that they continued working with employers to get them caught up and submitting their reports in a timely manner. He noted that, by statute, they were charged interest on the late reports; 1.5 times the actual real rate of return. He concluded his presentation.

COMMITTEE MEETING WITH INDEPENDENT AUDITORS

CHAIR MIKE WILLIAMS stated that this would be off the record and entertained a motion to go into executive session with the auditors for the purpose of a confidential financial discussion.

MOTION: A motion to go into Executive Session with the auditors for the purpose of a confidential financial discussion was made by TRUSTEE BOB WILLIAMS.

There being no objection, the MOTION was APPROVED.

(Executive Session from 9:35 a.m. until 9:45 a.m.)

CHAIR MIKE WILLIAMS stated they were back on the record and noted that there was no action taken in the closed session. He continued that he misspoke the reason for the closed session. It was for personnel matters, and he asked counsel, Ben Hofmeister, to provide that statutory cite for the record.

MR. HOFMEISTER stated that the Open Meetings Act is found in AS 44.62.310. The bases for executive session for a board that was subject to the Open Meetings Act going to executive session is Subsection (c). Given that this was a personnel matter discussed with the auditors, he continued that two bases apply: The first is (c)(1), which matters the immediate knowledge of would clearly have an adverse effect upon the finances of the public entity; and second is (c)(2),

which is more specific to the personnel issues, subjects that tend to prejudice the reputation and character of any person.

CHAIR MIKE WILLIAMS stated that Trustee Bob Williams authorized the motion to go into executive session and asked him if he was okay with the correction to the motion.

TRUSTEE BOB WILLIAMS stated he was enthusiastically okay with that.

CHAIR MIKE WILLIAMS asked for any objection from committee members. Hearing none, that will be reflected in the record as correct and for the reasons to go into closed session.

PERIODIC SELF-ASSESSMENT

CHAIR MIKE WILLIAMS moved to the committee self-assessment and stated that, routinely, a copy of the charter and the self-assessment questions are included. Generally, the questions refer to having a meaningful discussion; highlighting key issues with appropriate time and attention to the issues; and that the work of the Audit Committee meets the needs and objectives of the board. He stated that, personally, he could answer yes to all of the questions. He asked for any other concerns from the committee members. There being none, he moved to the next item on the agenda.

REVIEW COMMITTEE CHARTER

CHAIR MIKE WILLIAMS stated that the Charter was an outline for how to operate quarter to quarter and year to year. He stated appreciation for the efforts of all the staff from Retirement and Benefits and Treasury in making this a smooth process.

FUTURE MEETINGS

CHAIR MIKE WILLIAMS noted that the 2023 calendar and the various quarterly meeting dates were outlined in the packet. The next committee meeting will be in March in Juneau. He stated that he had a personal conflict and would not be available at the March meeting, and asked Chair Bob Williams to conduct that Audit Committee meeting in his absence.

TRUSTEE BOB WILLIAMS agreed.

CHAIR MIKE WILLIAMS asked for anything else to properly come before the Audit Committee. There being none, he asked for online public comments to be addressed to the committee. Not hearing any, he asked if anyone in the room, wished to address the committee.

MR. WORLEY commented that he did thank KPMG, Buck, and Treasury, but added that there were a number of staff within the Division of Retirement and Benefits that worked very hard, long, extra hours with all of the sampling selections done for refunds, distributions, retirements. There was an inordinate amount of time spent outside of their normal functions; the health team working with all the health testing that was done. He thanked them all for their work because a lot of that goes unrecognized but was a key part of meeting the deadlines. Not only do all work hard together, but there are individuals and teams within the Division that have a lot of information produced for the sample selection. He stated appreciation for their time, as well.

CHAIR MIKE WILLIAMS thanked Mr. Worley, and entertained a motion to adjourn.

MOTION: A motion was made to adjourn the Audit Committee meeting by TRUSTEE KROHN; seconded by TRUSTEE BOB WILLIAMS.

There being no objection, the MOTION was APPROVED.

(Audit Committee meeting adjourned at 9:52 a.m.)

Division of Retirement & Benefits Alaska Retirement Management Board

Audit Committee March 15, 2023

Fiscal Year 2022 Annual Comprehensive Financial Reports (ACFRs)

The Division of Retirement and Benefits completed and issued the Fiscal Year 2022 Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) annual comprehensive financial reports (ACFRs) at the end of December 2022.

As a reminder, the Governmental Accounting Standards Board (GASB) issued Statement No. 98, *The Annual Comprehensive Financial Report*, establishing the annual comprehensive financial report and ACFR in generally accepted accounting principles (GAAP) for state and local governments and eliminates the prior name and acronym. **Otherwise, no changes were made to the report's structure or content. (emphasis added by DRB CFO)**

Financial reports prepared following GAAP are required to contain basic financial statements (including notes to financial statements) and required supplementary information (such as management's discussion and analysis). Governments may voluntarily present those required components in an ACFR, which also contains more background and explanatory information from management, additional financial statements disaggregating certain columns in the basic financial statements, and a "statistical section" of 10-year trends in financial, economic, demographic, and operating information.

The requirements of Statement 98 were effective for fiscal years ending after December 15, 2021.

The PERS and TRS ACFRs can be found here: <https://drb.alaska.gov/docs/reports/#statements>

FINANCIAL REPORTS



Find this year's Annual Comprehensive Financial Report and other financial statements.

1. [PERS Annual Comprehensive Financial Report](#)
2. [TRS Annual Comprehensive Financial Report](#)
3. [Financial Statements](#)
4. [Government Accounting Standards Board](#)

Hard copy ACFRs are available, but in limited supply.

Division of Retirement & Benefits

Alaska Retirement Management Board

Audit Committee

March 15, 2023

Delinquent Employers

As identified below, the following employers were delinquent in filing their required payroll reports per Alaska Statute (AS) 39.35.610 and .770 [PERS] and AS 14.25.065 and .370 [TRS].

PERS employers delinquent reporting as of Tuesday, February 28, 2023:

1. City of Nenana – last reported Pay Period End (PPE) date November 12, 2022
2. City of Kachemak – last reported PPE date July 31, 2022
3. Nenana City SD – last reported PPE date January 7, 2023
4. City of King Cove – last reported PPE date December 31, 2022
5. Hydaburg City SD – last reported PPE date June 30, 2022
6. Yukon Flats SD – last reported PPE date October 31, 2022
7. Aleutian Housing Authority – last reported PPE date January 14, 2023
8. City of Fort Yukon – last reported PPE date November 12, 2022
9. Bristol Bay Borough SD – last reported PPE date December 14, 2022
10. City of Toksook Bay – last reported PPE date December 20, 2022
11. City of Huslia – last reported PPE date December 30, 2022
12. Kuspuk SD – last reported PPE date December 31, 2022
13. City of Pelican – last reported PPE date December 31, 2022
14. Municipality of Anchorage – last reported PPE date January 8, 2023
15. North Slope Borough – last reported PPE date January 12, 2023
16. University of Alaska – last reported PPE date January 14, 2023
17. City of Aniak – last reported PPE date January 14, 2023

TRS employers are delinquent reporting as of Tuesday, February 28, 2023:

1. Fairbanks North Star Borough SD – last report PPE date January 1, 2023
2. Hydaburg City SD – last reported PPE date June 30, 2022
3. Bristol Bay SD – last reported PPE date December 14, 2022

The following PERS employers were delinquent in salary floor annual billings:

1. City of Allakaket
2. City of Mekoryuk
3. City of Nenana
4. City of Noorvik

5. City of St. George
6. City of Tanana
7. City of Kachemak
8. City of Upper Kalskag



ARMB Audit Committee Annual Investment Compliance Update

Treasury Investment Compliance Section

Hunter Romberg, CPA, CIPM

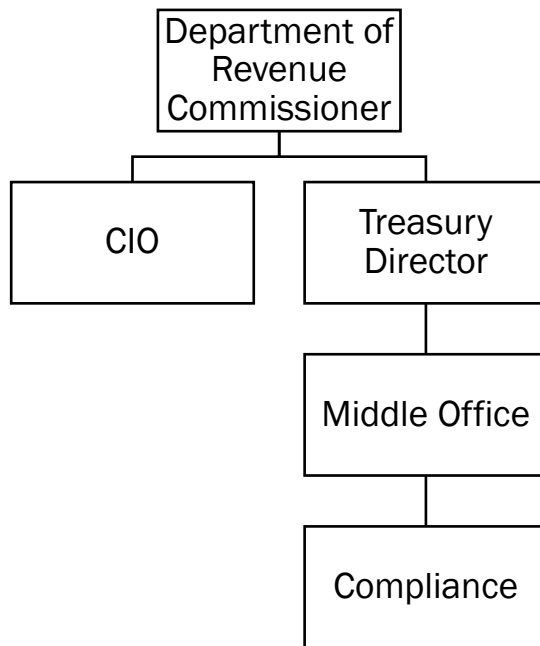
March 15, 2023

Agenda

- Compliance Program Structure
 - Team
 - Lifecycle
 - Mission Statement
 - Goals
 - Upcoming Projects
- Compliance Program Results
 - Scope
 - Findings
 - Overdrafts
 - Commission Recapture
 - Proxy Voting
 - Regulatory Filings
- Questions

Team

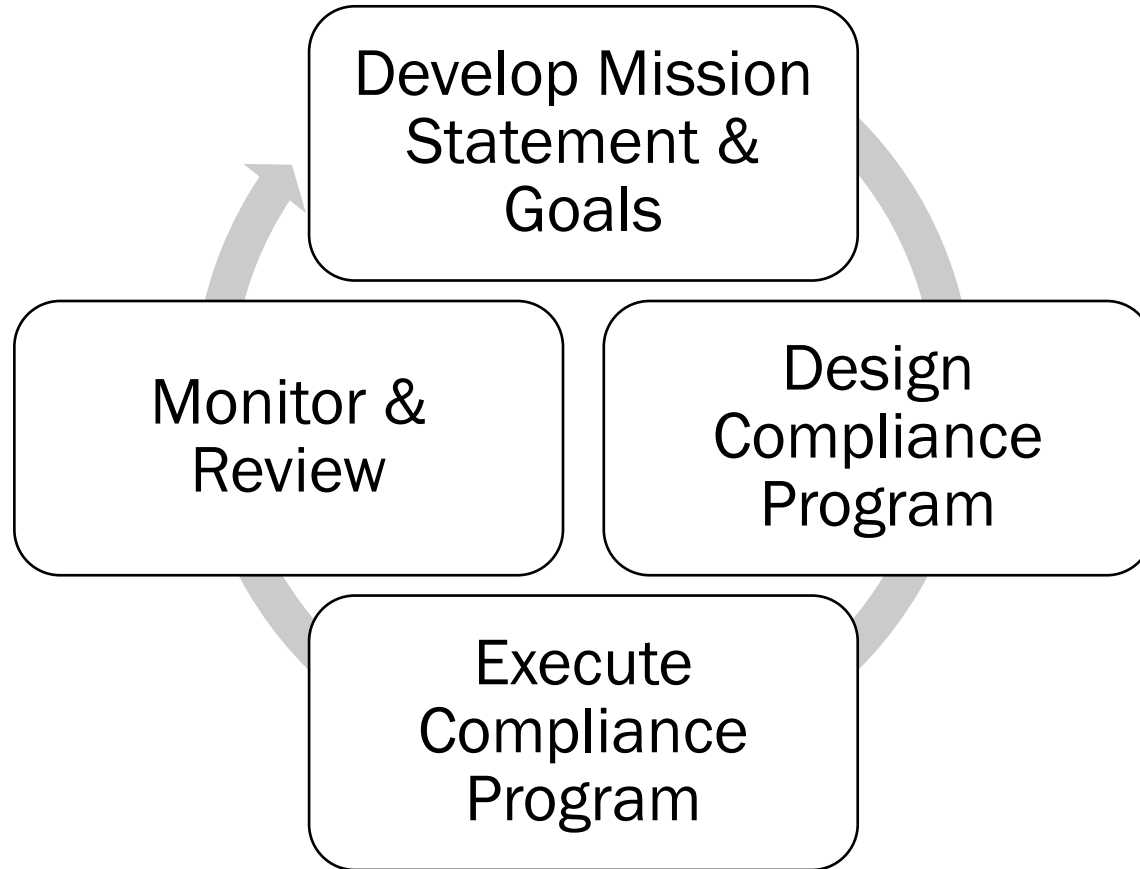
Treasury Organizational Chart (Effective FY23)



Compliance Staff

- Hunter Romberg, CPA, CIPM
 - Senior Investment Compliance Officer
- Rose Sanchez
 - Assistant Investment Compliance Officer

Lifecycle



Mission Statement

- To help protect invested assets entrusted to the ARMB and the Revenue Commissioner by monitoring adherence to existing laws, rules, regulations, contracts, policies, and guidelines.

Goals

- Ensure that specific investments comply with requirements established in Treasury Division policy and ARMB guidelines.
- Ensure that Investment Managers and the Custodial Bank comply with contract provisions and industry best practices.
- Ensure that Treasury Division investment activities conform to state and federal investment laws, regulations, ethical standards, and industry best practices.
- Provide timely, relevant, and accurate compliance monitoring results to Treasury Management, the ARMB, and the Revenue Commissioner.

Upcoming Projects

Data Modernization

- Middle Office Databases
 - Leveraging existing data sources
 - Gathering new data sources
- Data Storage
 - Improving accessibility

Enhanced Reporting

- Monthly Compliance Report
 - Standardizing layout
 - Automating production
- Other Reports
 - Exploring additional useful periodic or supplemental reporting

Risk Management

- Department Of Revenue Risk Management
 - Developing risk assessment and treatment plan

Scope

Retirement Systems

- ARMB Plans
 - Defined Benefit Plan (PERS, TRS, JRS, NG/NMRS)
 - Defined Contribution Retirement Plan (DCR-PERS, DCR-TRS)
 - Deferred Compensation Plan (DCP)
 - Alaska Supplemental Annuity Plan (SBS-AP)

Testing Levels (As of Dec 2022)

- Plan Level Testing
 - Target Asset Allocation Tests
 - 28 ARMB Plans
 - 14 Defined Benefit Plans
 - 14 Balanced/Target Date Plans
- Fund, Security, and Trade Level Testing
 - 100+ Bloomberg and Internal Tests
 - 29 Non-Commingled Funds
 - 8 Internal Funds
 - 21 External Funds

Examples

2022



Internal Trades:
26,013



REPO: 1,048



Internal Transfer
Letters: 27



Rebalances: 17

Compliance Program Results

Findings

- Alerts vs findings
- No findings in 2022

Overdrafts

USD Overdraft Charges

	Count	Amount
Gross Charges	37	\$19,100
State Street Bank Reversals	-4	-\$11,300
Manager Reimbursements	-22	-\$6,300
Net Charges	11	\$1,500

Foreign Currency Overdraft Charges

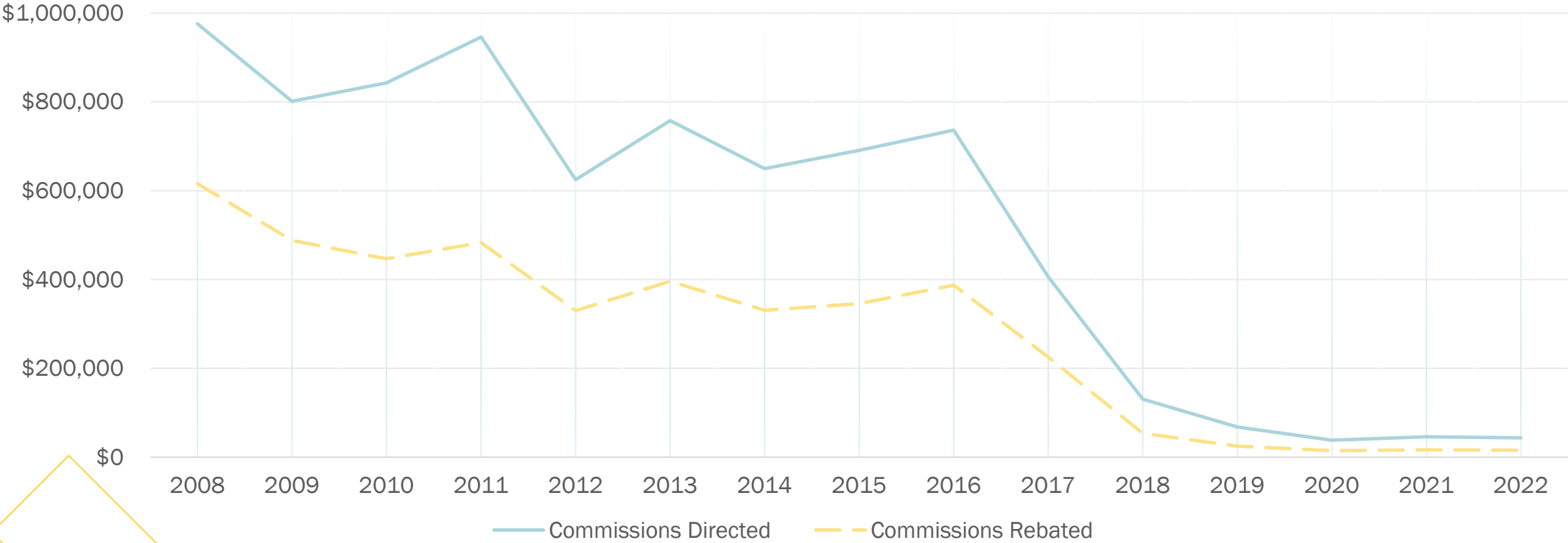
	Count	USD Approximation
Gross Charges	12	\$6,700
State Street Bank Reversals	-1	-\$2,800
Net Charges	11	\$3,900

Commission Recapture Program

- Recapture a portion of participating broker costs
- Number of actively enrolled managers: one
- Other brokerage costs are at execution only

Commission Recapture Program

Annual Commissions Directed and Rebated



Commission Recapture Program

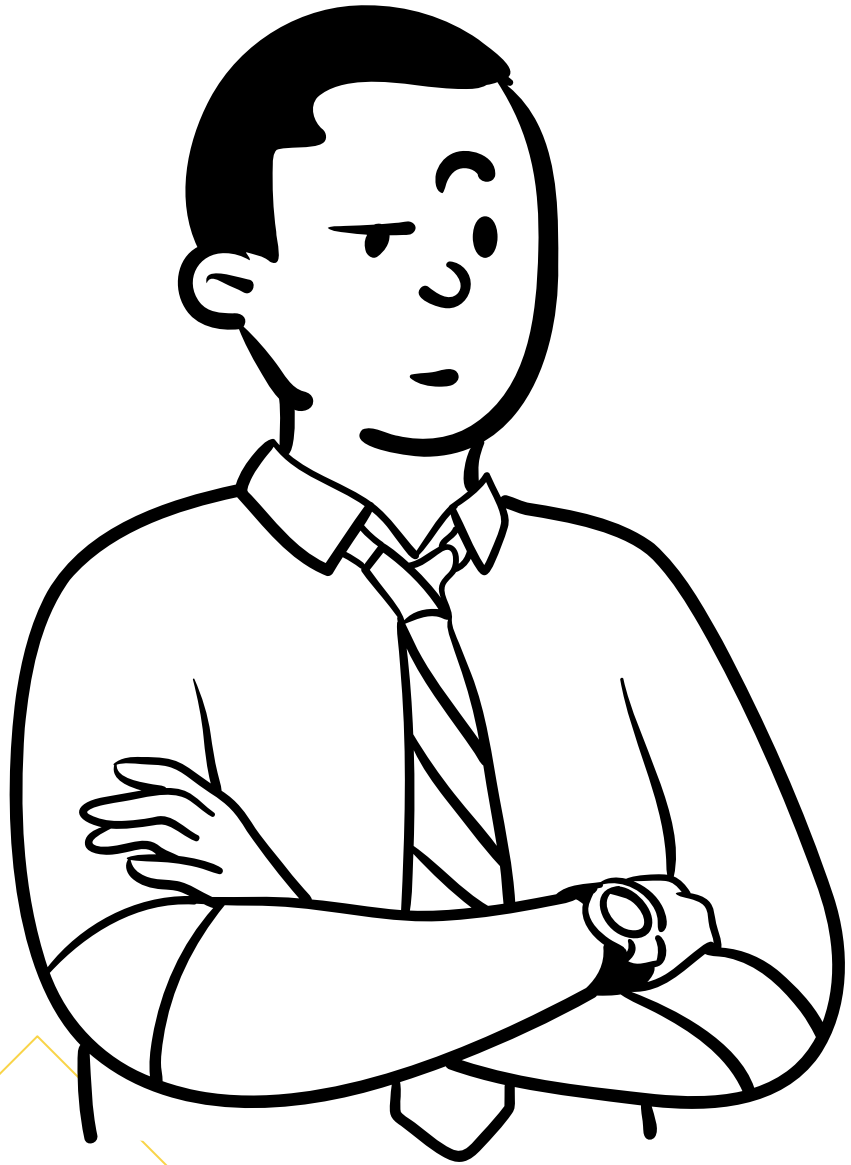
Calendar Year	Commissions Directed	Commissions Rebated
2008	\$975,886.00	\$615,781.00
2009	\$801,346.00	\$488,161.00
2010	\$842,907.00	\$446,753.00
2011	\$945,961.00	\$483,130.00
2012	\$624,810.00	\$330,049.00
2013	\$757,843.00	\$396,117.00
2014	\$649,726.00	\$330,670.00
2015	\$690,933.00	\$345,958.00
2016	\$736,342.00	\$387,389.00
2017	\$405,772.00	\$225,298.00
2018	\$130,535.00	\$53,592.00
2019	\$68,010.00	\$24,875.00
2020	\$38,053.00	\$14,536.00
2021	\$45,933.00	\$16,400.00
2022	\$43,468.00	\$15,648.00
\$ Change 2021 to 2022	(\$2,465.00)	(\$752.00)
% Change 2021 to 2022	-5%	-5%

Proxy Voting

- Annual Review
 - Review ARMB guidelines for changes
 - Collect copies of the following from managers:
 - Firm's current voting policy
 - Voting records
 - Upload to Treasury database for easy access and reporting
 - Certification that all votes comply with ARMB guidelines and firm's policies

Regulatory Filings

- SEC
 - 13F
 - Quarterly filing required by all institutional investment managers with at least \$100MM in AUM
 - Discloses equity holdings
 - 13H
 - Annual filing required by every large trader
 - Discloses background information
- Monitor Treasury Division statutory, regulatory, contractual, and other requirements



Questions?

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE CALENDAR

Schedule of 2023 Meetings

March 15, 2023 (Juneau/Videoconference)

1. Meet with DRB and Treasury staff.
2. Report from DRB on Employer Audit Program. Review list of completed audits, audit schedule, rotation, and significant findings/results. Identify any recurring findings.
3. Report on Delinquent/ Late Filing Employers
4. Report from Treasury Compliance Officer.

June 14, 2023 (Anchorage/Videoconference)

1. Review Auditor's audit plan of assets (Treasury) and pension systems and liabilities (Division of Retirement and Benefits). [Charter B 2](#)
2. Review with Staff (DOR and DRB) and Independent Auditors scope of audit, sensitive and risk areas, and compliance. [Charter B 2](#)
3. Report on Delinquent/ Late Filing Employers
4. Audit Committee opportunity to ask auditors to focus on areas of interest/review
5. Review Legal Issues and Regulations with Legal Counsel. [Charter A 5](#)
6. Review Organizational Charts, and Financial and accounting personnel succession. [Charter A 6](#)
7. Review Audit Committee Charter. [Charter A 1](#)
8. Committee Performance Self-Assessment. [Charter A 7](#)

September 13, 2023 (Anchorage/ Videoconference)

1. Meet with Independent Auditors to receive and review draft audit of pension system invested assets. [Charter A 2-3, B 3-4-5](#)
2. Committee only meeting with auditors without management [Charter B 6](#)
3. Report on Delinquent/ Late Filing Employers

October 9, 2023 (Videoconference)

1. DRB Financial Statements

December 6, 2023 (Anchorage/ Videoconference)

1. Meet with Independent Auditors to review final audit of pension systems [Charter A 2-3, B 3- 4-5](#))
2. Committee only meeting with Independent Auditors [Charter B 6](#)
3. Report on Delinquent/ Late Filing Employers
4. Committee Performance Self-Assessment. [Charter A 7](#)

Periodic and As-Needed Meeting Topics

1. Annual review with DRB on Independent Auditor procurement and contract (including review of independence and performance of auditors). [Charter B 1](#)
2. Updates by DRB on actuary procurement and second review/audits.
3. Custodian report and procedures review – augmented by staff reports. Biannual or as needed.
4. Regular reports by DRB on Employer Audit Program. Review list of completed audits, audit schedule, rotation, and significant findings/results. Identifying any recurring findings.
5. Regular reports on compliance:
 - A. “Back Office” compliance review programs.
 - B. Investment staff programs and procedures on real estate and alternative investment valuation monitoring and checks.
 - C. Annual Presentation
6. Audit Committee training on special topics

State of Alaska
ALASKA RETIREMENT MANAGEMENT BOARD
AUDIT COMMITTEE CALENDAR

Proposed Schedule of 2024 Meetings

March 6, 2024 (Juneau/Videoconference)

1. Meet with DRB and Treasury staff.
2. Report from DRB on Employer Audit Program. Review list of completed audits, audit schedule, rotation, and significant findings/results. Identify any recurring findings.
3. Report on Delinquent/ Late Filing Employers
4. Report from Treasury Compliance Officer.

June 12, 2024 (Anchorage/Videoconference)

1. Review Auditor's audit plan of assets (Treasury) and pension systems and liabilities (Division of Retirement and Benefits). [Charter B 2](#)
2. Review with Staff (DOR and DRB) and Independent Auditors scope of audit, sensitive and risk areas, and compliance. [Charter B 2](#)
3. Report on Delinquent/ Late Filing Employers
4. Audit Committee opportunity to ask auditors to focus on areas of interest/review
5. Review Legal Issues and Regulations with Legal Counsel. [Charter A 5](#)
6. Review Organizational Charts, and Financial and accounting personnel succession. [Charter A 6](#)
7. Review Audit Committee Charter. [Charter A 1](#)
8. Committee Performance Self-Assessment. [Charter A 7](#)

September 18, 2024 (Fairbanks/ Videoconference)

1. Meet with Independent Auditors to receive and review draft audit of pension system invested assets. [Charter A 2-3, B 3-4-5](#)
2. Committee only meeting with auditors without management [Charter B 6](#)
3. Report on Delinquent/ Late Filing Employers

October TBD, 2023 (Videoconference)

1. DRB Financial Statements

December 4, 2024 (Anchorage/ Videoconference)

1. Meet with Independent Auditors to review final audit of pension systems [Charter A 2-3, B 3- 4-5](#))
2. Committee only meeting with Independent Auditors [Charter B 6](#)
3. Report on Delinquent/ Late Filing Employers
4. Committee Performance Self-Assessment. [Charter A 7](#)

Periodic and As-Needed Meeting Topics

1. Annual review with DRB on Independent Auditor procurement and contract (including review of independence and performance of auditors). [Charter B 1](#)
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5. Regular reports on compliance:
 - A. “Back Office” compliance review programs.
 - B. Investment staff programs and procedures on real estate and alternative investment valuation monitoring and checks.
 - C. Annual Presentation
6. Audit Committee training on special topics

Charter of the Audit Committee of the Board of Trustees of the Alaska Retirement Management Board

I. Audit Committee Purpose.

The Audit Committee provides independent oversight of the integrity of the Alaska Retirement Management Board's financial statements and reporting, systems of internal controls, and compliance with legal and regulatory requirements. It also serves as a conduit of communication among the independent auditors, asset, liability and investment management, the chief financial officers, and the Board of Trustees.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors, as well as ARMB management and staff, legal counsel, and asset managers. The Committee may retain, at the expense of the ARMB and consistent with applicable procurement requirements, special legal, accounting, or other consultants or experts it considers necessary in the performance of its duties.

II. Audit Committee Responsibilities and Duties.

A. The Committee shall carry out the following review responsibilities:

1. Review and assess the adequacy of this Charter at least annually and submit recommended changes to it to the Board of Trustees for approval.

2. Review the annual audited financial statements prior to filing or distribution of the final report. This review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments.

3. In consultation with management, the independent auditors, and the chief financial officers, consider the integrity of the financial reporting processes and controls; discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures; and review significant findings prepared by the independent auditors and the chief financial officers together with management's responses.

4. Discuss any significant changes to applicable accounting principles and any items required to be communicated by the independent auditors.

5. At least annually, review with the ARMB's counsel any legal matters that could have a significant impact on the Fund's financial statements, the ARMB's compliance with applicable laws and regulations, and any inquiries received from regulators or governmental agencies.

6. Review financial and accounting personnel succession planning within the ARMB.

7. Periodically perform self-assessment of the Committee's performance.

B. The Committee is recognized as a direct avenue for the reporting of any material or significant finding by the Treasury Division Compliance Office. The Chair of the Committee shall be the primary contact with the external auditors between meetings of the Committee if communications between the external auditors and the Committee are deemed necessary or desirable.

C. The Committee shall have the following responsibilities with respect to the ARMB's independent auditors:

1. Review the independence and performance of the auditors and periodically recommend to the Board of Trustees the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.

2. Review the independent auditors' audit plan - discuss scope, staffing, locations, reliance upon management, and general audit approach.

3. Discuss with management and the independent auditors the accounting principles and underlying estimates used in the preparation of the Fund's financial statements.

4. Review the external auditor's management letter to the ARMB and discuss the contents with the auditors and monitor the follow-up on significant observations, findings and recommendations.

5. Discuss with the independent auditors the clarity of the financial disclosure practices used or proposed by the ARMB.

6. Meet with the auditors, in the absence of management, to review findings, recommendations or other pertinent subjects.

D. In addition to the foregoing, the Committee shall:

1. Perform such other activities consistent with this Charter, and governing law as the Committee considers necessary or appropriate or as the Board of Trustees may otherwise request.

2. Maintain minutes of Committee meetings and periodically report to the Board of Trustees on significant results of the Committee's activities.