

Meeting Minutes | Finance, Administration, Audit and Compliance (FAAC) Committee

Wednesday, July 25, 2018 | 8:30 a.m.

202 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes Approved September 5, 2018

Board Members Present: Chairman Steve Matthews, Mr. Audie Penn, Mr. Chuck Richardson, and Mr. Alex Shissias

Others Present for All or a Portion of the Meeting: Shawunda Baker, Peggy Boykin, Sarah Corbett, Doug Hislop, Felicia Johnson, James Manning, Heather Muller, Tammy Nichols, John Page, Travis Turner, Stephen Van Camp, Justin Werner, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); and Wayne Pruitt from the State Retirees Association of South Carolina.

I. Call to Order

Chairman Steve Matthews called the PEBA Finance, Administration, Audit and Compliance (FAAC) Committee meeting to order at 8:35 a.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

II. Approval of Meeting Minutes- March 7, 2018

Mr. Alex Shissias made a motion, which was seconded by Mr. Chuck Richardson, and passed unanimously, to approve the minutes from the March 7, 2018, Committee meeting.

III. Fiscal Year 2020 Agency Budget Approval

Mr. Travis Turner, Chief Financial Officer, presented the annual agency budget report to the Committee, and provided a brief history of PEBA's approved budget authorizations. Mr. Turner reminded the Committee that PEBA's operating budget is funded by the insurance and retirement Trust Funds, not from General Funds, and explained that PEBA's General Fund appropriations are pass through appropriations only, and are not used for PEBA's operating expenses.

Mr. Turner added that there has not been an increase in basic approved fund authorization since fiscal year 2012, except for an additional \$700,000 that was added in fiscal year 2015, for the fiduciary audit, and when administrative items were transferred to PEBA in 2016, after the Department of Administration was created. Mr. Turner reported that the total authorized budget remains at \$32,030,091, with an additional budget authorization of \$10 million of reoccurring funds for PEBA's IT modernization project, peba:connect.

Mr. Alex Shissias made a motion, which was seconded by Mr. Chuck Richardson, and passed unanimously, to approve the fiscal year 2020 PEBA agency budget as requested, and submit to the full Board for approval.

IV. Pebba:connect Project Update

Ms. Sarah Corbett, Chief Operating Officer, provided a peba:connect project update. Ms. Corbett reminded the Committee that PEBA's core operational system was built in the early 1990's with the Adabas/Natural technology foundation, and cannot keep pace with future demands.

Ms. Corbett reviewed the operational assessment recommendations, and the project goals and value for PEBA's infrastructure, customers, and employers. Ms. Corbett added that the new system will provide a unified, one-stop improved customer experience with respect to all programs administered by PEBA.

Ms. Corbett advised the Committee that once the implementation vendor is in place, the peba:connect project will consume almost all of PEBA's internal resources which may impact other strategic plan items and timelines.

Ms. Corbett stated that Linea Solutions is the client services vendor for the project, and they are working collaboratively with PEBA staff onsite to further define business and technical requirements and processes in preparation for the implementation vendor Request for Proposal (RFP). Ms. Corbett advised that insurance billing has been added to the scope of the RFP which may add to the cost of the overall project. Ms. Corbett added that the data vendor RFP is in progress, and once the data and implementation vendor responses are received, PEBA staff will update the Committee on a revised fixed fee budget as well as proposed project timelines.

At the end of the project update, Chairman Matthews stated that he would like to discuss Data Security at the next Committee meeting.

V. Internal Audit Reports

Mr. John Page, Director of Internal Audit, provided the PEBA internal audit reports including:

- A. Internal Audit Report 2017-10 Retirement Plan Tax Reporting
- B. Internal Audit Report 2017-4 Retirement Plan Compliance- SCNG
- C. Internal Audit Report 2018-1 Retirement Plan Compliance- PORS
- D. Internal Audit Plan Status Report

VI. Old Business/Director's Report

Ms. Peggy Boykin, Executive Director, stated that she would provide the Director's Report at the full Board meeting.

VII. Adjournment

There being no further business, the Committee meeting adjourned at 9:12 a.m.