

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

Wednesday, March 22, 2017 | 3:15 p.m.  
200 Arbor Lake Dr., Columbia, SC 29223 | Second Floor Conference Room

Minutes approved June 15, 2017

**Board Members Present:** Chairman Steve Matthews and Mr. John Sowards

**Board Members Absent:** Mr. Frank Fusco

**Others Present for All or a Portion of the Meeting:** Shawunda Baker, Peggy Boykin, Phyllis Buie, Amber Carter, Sarah Corbett, Jennifer Ford, Doug Hislop, James Manning, Heather Muller, John Page, Tammy Nichols, Travis Turner, Stephen Van Camp, Justin Werner, Faith Wright, and Heather Young from the South Carolina Public Employee Benefit Authority (PEBA); Emma Jordan from the South Carolina Office of the State Treasurer; and John Barfield from the South Carolina Comptroller General's Office.

### **I. Call to Order**

Chairman Steve Matthews called the PEBA Finance, Administration, Audit and Compliance (FAAC) Committee meeting to order at 3:15 p.m., and stated that the public meeting notice was posted in compliance with the Freedom of Information Act.

### **II. Adoption of Proposed Agenda**

It was noted that the proposed meeting agenda was adopted unanimously as presented.

### **III. Approval of Meeting Minutes- January 11, 2017**

It was noted that the January 11, 2017, Committee meeting minutes were adopted unanimously as presented.

### **IV. Executive Session for the Purpose of Discussing Security Matters Pursuant to S.C. Code of Laws § 30-4-70 (a)(3).**

At 3:18 p.m., Mr. John Sowards made a motion, which was seconded by Chairman Steve Matthews, and passed unanimously, to recede into executive session for the purpose of discussing security matters.

The Committee reconvened in open session at 3:35 p.m. Chairman Matthews announced that no action was taken by the Committee while in executive session.

## **V. Cyber Insurance**

Mr. James Manning, Risk Management and Compliance Director, provided a presentation regarding cyber insurance. After reviewing the three options for incident responses services, the Committee agreed with Staff's recommendation to procure a broker to assist in the purchase of Cyber Liability Insurance.

## **VI. Internal Audit Reports**

Mr. John Page, Director of Internal Audit, and Ms. Shawunda Baker, Internal Auditor, provided the PEBA internal audit reports including:

- A. Retirement Claim Reviews
- B. Securities Lending Account Reviews
- C. Data Security - Software Patches
- D. Internal Audit Plan Status Report
- E. SC PEBA Internal Audit Plan for 2017

Mr. Sowards made a motion, which was seconded by Chairman Matthews, and passed unanimously, to recommend to the full Board approval of the 2017 Internal Audit Plan.

## **VII. Old Business/Director's Report**

Ms. Peggy Boykin, Executive Director, reported that the House has finished budget deliberations, and Senate Finance will begin budget deliberations this week. Ms. Boykin stated that the current version of the budget includes \$10 million as requested for implementation of the Operational Assessment; approximately \$25 million for full funding of the State Health Plan (excluding well visits), with no employee premium increase and no changes in co-payments or deductibles; and approximately \$150 million for pension funding to support the increases in retirement contributions. Ms. Boykin explained that the House version of the budget intends for the general fund to cover approximately \$35 million of the first one percent of the increase in employer contribution rates, and the entire second one percent (approximately \$100 million) of the increase in employer contribution rates for all employers regardless of source of funds.

Ms. Boykin reported that H.3726 has passed the House, but was amended in the Senate, and the House will debate the amended bill next week.

## **VIII. Adjournment**

There being no further business, the Committee meeting adjourned at 4:22 p.m.