

MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE OF THE BOARD OF TRUSTEES OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

MARCH 20, 2019

CITY FINANCIAL TOWER
201 MERCHANT STREET, SUITE 1400
HONOLULU, HAWAII 96813

Trustees present: Dr. Genevieve Ley, Chair
Ms. Jackie Ferguson-Miyamoto
Mr. Emmit Kane

Staff present: Mr. Thomas Williams, Executive Director
Ms. Kanoe Margol, Deputy Executive Director
Mr. Larry Wolfe, Accounting Manager
Ms. Elizabeth Burton, Chief Investment Officer
Ms. Dale Kehau Kanae, Recording Secretary

Attorneys present: Mr. Ivan Torigoe, Deputy Attorney General

Guests present: Mr. Peter Hanashiro, KMH LLP
Mr. Kenny Lee, KMH LLP
Mr. Tyson Suehiro, KMH LLP

QUORUM/CALL TO ORDER A quorum being present (Chair Ley, Trustees Ferguson-Miyamoto and Kane), Chair Ley called the meeting of the Audit Committee (Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 1:00 p.m.

PUBLIC COMMENT Chair Ley called for public comment. There were no members of the public present, therefore no public comment.

KMH LLP's INTERNAL AUDIT UPDATE REPORT Messrs. Peter Hanashiro, Kenny Lee, and Tyson Suehiro, of KMH LLP, presented to the Committee an Internal Audit Update Report. Mr. Hanashiro reviewed the: Executive Summary (internal audit activity since the last presentation to the Committee in June 2017), Reengagement of Internal Audit and Other Administrative Matters, Status on Current Projects (Policy Development Assistance and Monitoring, and Investment Consultant Selection and Evaluation Review).

(Note: Due to the organization of the report, agenda items were taken out of order)

AUDIT COMMITTEE AND INTERNAL AUDIT CHARTERS – REVIEW AND RECOMMENDATION This agenda item number 3 was presented as the new agenda item number 2. Mr. Peter Hanashiro presented to the Committee changes to both Charters, mostly cosmetic in nature and updates.

ENTER EXECUTIVE SESSION

After consulting with Deputy Attorney General Ivan Torigoe, the Committee decided to enter into executive session as the agenda items to be discussed were considered confidential, including matters involving privacy pursuant to HRS § 92-5(a)(2).

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Kane, the Committee entered executive session at 1:13 p.m.

FINANCIAL REPORTING
PROCESS REVIEW – REVIEW
AND RECOMMENDATION

This agenda item numbered 4 was presented as the new agenda item number 3.

UPDATED INTERNAL AUDIT
PLAN - REVIEW AND
RECOMMENDATION

This agenda item numbered 2 was presented as the new agenda item number 4.

EXIT EXECUTIVE SESSION

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Kane, the Committee exited executive session at 2:05 p.m.

APPROVAL OF UPDATED
INTERNAL AUDIT PLAN

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Kane, and unanimously carried, the Committee approved and will recommend to the Board the revised internal audit plan, timing and sequencing of the projects, subject to the movement of the Information Technology projects, once determined as presented.

APPROVAL OF AUDIT
COMMITTEE AND INTERNAL
AUDIT CHARTERS

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Kane, and unanimously carried, the Committee approved and will recommend to the Board the revised Audit Committee and Internal Audit Charters with changes as presented.

APPROVAL OF FINANCIAL
REPORTING PROCESS
REVIEW

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Kane, and unanimously carried, the Committee approved and will recommend to the Board the Financial Reporting Process Review Final Draft Report as presented.

APPROVAL OF MINUTES
– OCTOBER 30, 2018

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Ley, and unanimously carried, the Committee approved the public minutes of the October 30, 2018 meeting, as presented.

APPROVAL OF EXECUTIVE
SESSION MINUTES
- OCTOBER 30, 2018

There were no executive session minutes for October 30, 2018. At the October 30, 2018, meeting, the executive session minutes for July 30, 2015, and October 31, 2017, were approved in open/public session.

On advisement of Deputy Attorney General Ivan Torigoe, there is no need to enter into executive session to approve minutes unless necessary to discuss confidential items.

ADJOURNMENT

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Kane, Chair Ley adjourned the meeting at 2:13 p.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director
TW:dkik