

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

FEBRUARY 7, 2020

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

Trustees present: Dr. Genevieve Ley, Chair
Mr. Benntt Yap, Vice Chair
Mr. Vincent Barfield
Mr. Jerome Rauckhorst

Staff present: Mr. Thomas Williams, Executive Director
Ms. Kanoë Margol, Deputy Executive Director
Ms. Elizabeth Burton, Chief Investment Officer
Ms. Donna Curry, Program Specialist
Mr. Bart Asato, Program Specialist
Mr. Keith Miyamoto, Information Services Manager
Ms. Dale Kehau Kanae, Recording Secretary
Ms. Lori Kim, Secretary

Attorneys present: Mr. Ivan Torigoe, Deputy Attorney General

Guests present: Mr. Peter Hanashiro, KMH LLP
Mr. Tyson Suehiro, KMH LLP
Mr. Lane Suzuki, KMH LLP

QUORUM/CALL TO ORDER

A quorum being present (Chair Ley, former Audit Committee Chair and Trustees Barfield, Rauckhorst, and Yap), Chair Ley called the meeting of the newly formed Administrative and Audit Committee (Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 2:34 p.m.

PUBLIC COMMENT

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

SELECT ADMINISTRATIVE
AND AUDIT COMMITTEE
CHAIR AND VICE CHAIR

Chair Ley asked for nominations for Chair of the Committee. Trustee Barfield nominated and motioned that Chair Ley continue as Chair of the new Committee and Trustee Rauckhorst seconded the nomination and motion, unanimously carried, Chair Ley was elected Chair of the new Administrative and Audit Committee.

Chair Ley then asked for nominations for Vice Chair of the Committee. Trustee Barfield nominated and motioned Trustee Yap as Vice Chair, and Trustee Rauckhorst seconded the nomination and motion, unanimously carried, Trustee Yap was elected Vice Chair of the Administrative and Audit Committee.

For the record, there was no Vice Chair of the previous Audit Committee.

**KMH LLP'S INTERNAL
AUDIT UPDATE REPORT**

KMH LLP's (KMH) Peter Hanashiro, Tyson Suehiro, and Lane Suzuki entered the meeting and gave an oral and written report to the Committee of the Internal Audit Update, dated February 7, 2020, on the following: Executive Summary (status on current projects), Internal Audit Plan Update Process, 2020 Internal Audit Plan Summary, Proposed Internal Audit Plans – Jan 1, 2020, through Dec 31, 2020, 2019 Internal Audit Plan Results Summary, Summary Results of Report Completed, Management Action Dashboard, Management Action Plans – Completion Status, Cumulative Observation Analysis, and Issued Reports Finding Status.

On a motion made by Trustee Barfield, seconded by Vice Chair Yap, and unanimously carried, the Committee voted to recommend to the Board KMH's proposed changes and updates to the 2020 Internal Audit Plan, substantively in the form presented.

**KMH LLP'S COMMUNICATIONS
AND COMMUNITY RELATIONS
REVIEW**

KMH LLP's (KMH) Tyson Suehiro, gave an oral and written report to the Committee of the Communications and Community Relations Review, issued September 2019, on the following: Communications and Community Relations Processes (Background, Scope and Objectives, Summary of Findings, Summary of Improvement Opportunities, Planned Follow Up by Management and Internal Audit, Overall Rating Scale, Ratings for Individual Findings, COSO 2013 Internal Control-Integrated Framework Categories, Findings and Recommendations, and Leading Practices).

On a motion made by Trustee Barfield, seconded by Vice Chair Yap, and unanimously carried, the Committee voted to recommend to the Board KMH's Communications, and Community Relations Review, Final Draft Report, substantively in the form presented.

(After their presentation, Messrs. Hanashiro, Suehiro, and Suzuki left the meeting).

**APPROVAL OF MINUTES
- AUGUST 15, 2019**

On a motion made by Chair Ley, seconded by Trustee Barfield, and unanimously carried, the Committee approved the minutes of the August 15, 2019, Audit Committee meeting, as presented.

**APPROVAL OF EXECUTIVE
SESSION MINUTES
- AUGUST 15, 2019**

On a motion made by Chair Ley, seconded by Trustee Rauckhorst, and unanimously carried, the Committee approved the Executive Session minutes of the August 15, 2019, Audit Committee meeting, as presented.

ADJOURNMENT

On a motion made by Trustee Barfield, seconded by Trustee Rauckhorst, and unanimously carried, Chair Ley adjourned the meeting at 3:32 p.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik