

NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
AUDIT & BUDGET
COMMITTEE MEETING

March 13, 2018

This meeting of the Public Employees Retirement Board Audit & Budget Committee was called to order by Vice Chair Natalie Cordova at approximately 9:00 a.m. on the above-cited date at the PERA Building, 33 Plaza la Prensa, Senator Fabian Chavez, Jr. Board Room, Santa Fe, New Mexico.

Roll was called following the Pledge of Allegiance and a quorum was established with the following members present:

Members Present:

Natalie Cordova, Vice Chair
Claudia Armijo
Dan Esquibel
Dan Mayfield [appointed]

Member(s) Absent:

Jackie Kohlasch, Chair [excused]
Cathy Townes [excused]
Tim Eichenberg

Other Member(s) Present:

Loretta Naranjo Lopez
Patty French
James Maxon

Staff Members Present:

Wayne Propst, Executive Director
Susan Pittard, Chief of Staff/General Counsel
Dominic Garcia, Chief Investment Officer
Greg Trujillo, Deputy Director
Renada Peery-Galon, ASD Director
Dana David, Assistant General Counsel
Trish Winter, Executive Assistant
Anna Williams, Chief Financial Officer
Karen Risku, Deputy General Counsel
Kristin Varela, Deputy Chief Investment Officer
Karyn Lujan, SmartSave Plan Manager
Christine Ortega, Portfolio Manager
Mark Montoya, Investments Division
Christopher Martinez, Procurement Manager

Others Present:

Paul Lium, Nationwide

Gavin Gruenberg, Voya Financial

2. APPROVAL OF AGENDA

Mr. Esquibel moved to approve the agenda as presented. His motion was seconded by Mr. Mayfield and passed by unanimous [4-0] voice vote.

3. APPROVAL OF CONSENT AGENDA

Ms. Cordova said Ms. Peery-Galon and Chair Kohlasch have reviewed the minutes and found them accurate.

Mr. Esquibel moved to approve. Mr. Mayfield seconded. The motion passed by unanimous [4-0] voice vote.

4. CURRENT BUSINESS

A. Audit & Budget Committee Work Plan

Renada Peery-Galon, ASD Director, presented the 2018 Audit & Budget Committee Work Plan noting that the plan identifies the committee's purpose as outlined in the charter. The plan establishes meeting dates and agenda topics. She reviewed the proposed agenda items for the June and September committee meetings and the Audit & Budget items that will be on the Board's March, August, October and November agendas.

B. RFP Brief – Internal Audit Services

Ms. Peery-Galon said PERA released an RFP for internal audit services. The RFP lists the statutes that PERA operates under. The contract is anticipated to be multi-year. Christopher Garcia will serve as the Procurement Manager for the RFP. Reading from the scope of work: "Contractor shall provide to PERA independent, objective assurance and consulting services designed to add value and improve the Agency's operation. These services will assist the Agency in accomplishing its objectives by contributing to the evaluation and improvement of the effectiveness of risk management, internal control, and governance processes." Ms. Peery-Galon said these services will enhance PERA's operations.

Anna Williams, Chief Financial Officer, reviewed the minimum qualifications (MQs) noting that they will be used in scoring the different proposals. The MQs require that the firm be independent of PERA, qualified to conduct the services, properly licensed, provide references, provide security on IT, hardware and disaster recovery, have a positive net worth, no conflicts of interests, etc.

Ms. Peery-Galon reviewed the RFP timetable: March 30, submission of

proposals; April 9 through 27, evaluation of proposals; May 8, selection of finalists; May 17, optional oral presentations and best and final offers; May 31, finalize contractual agreements; and July 1, award contract.

At this point, there have been six acknowledgments of receipt stated Ms. Peery-Galon. Firms can submit proposals without the acknowledgment of receipt. The RFP was published in the *Albuquerque Journal*. In the past, the internal auditor had been a PERA position and this is the second RFP for an internal auditor.

Ms. Cordova asked staff to address how many overall firms there are that perform internal audit services. Ms. Williams said there are a limited number of firms in the state, perhaps 12, that focus on internal audits.

Ms. Peery-Galon said the campaign contribution disclosure form is a requirement of DFA's Contract Review Bureau.

Ms. French asked whether staff considered hiring a full-time internal auditor PERA position. Ms. Peery-Galon said the internal audit has been factored into the budget as part of contractual services budget. To be an agency position it would need to be part of a budget request within personal services. Executive Director Propst said it was not considered.

Ms. Cordova recalled that when she was a PERA employee, it was difficult to fill the position because the salary was not sufficient. A decision was made that it was best for PERA to have an external service for the internal audit. She mentioned it was less than favorable to have a PERA staff member reporting to the Board rather than the Director, adding that it was best practice and benefits the agency.

Speaking from her experience as a Board member, Ms. Naranjo Lopez said the staff auditor was available for the Board all the time, provided periodic reports and that was a great benefit. She mentioned that she has concerns about the Board's contract attorney and said staff has as much control over that attorney as the Board.

Mr. Propst said the internal auditor position was posted through the State Personnel Office. After not finding a qualified candidate, the Board determined an external firm was appropriate. He added that a qualified accounting firm brings a great deal to the PERA agency.

Ms. Cordova thanked staff for their thorough report on the RFP.

5. **OTHER BUSINESS**

Mr. Esquibel said the new monitors at the Board desks are great. Mr. Propst said the audio/visual system has been updated and he was pleased the monitors were appreciated. Skyping and other applications will be greatly improved with the re-cabling of the Board Room.

6. **ADJOURNMENT**

Having completed the agenda, and upon motion and second, Ms. Cordova adjourned this meeting at approximately 9:35 a.m.

Approved by:

James Maxon 

Jackie Kohlasch, Chair
Audit & Budget Committee

ATTEST:



Wayne Propst, Executive Director