



SAIF CORPORATION

BOARD OF DIRECTORS AUDIT COMMITTEE

**Wednesday
December 11, 2019
9:00 a.m.**

**SAIF Corporation
400 SE High St.
Salem, Oregon**

After determining a quorum was present, the meeting was called to order at 9:06 a.m.

Roll call:

Krishna Balasubramani
John Mohlis

SAIF Corporation personnel present:

Kerry Barnett, President and CEO
Bill Barr, Chief Operating Officer
Ken Collins, Vice President of Information Services and Chief Information Officer
Gina Manley, Vice President of Finance and Chief Financial Officer
Kathy Gehring, Vice President of Claims
Cathy Pollino, Chief Internal Auditor
Todd Graneto, Controller
Kambra Hinman, Internal Auditor
Robert Johnson, Internal Auditor
Shelby Bacheller, Internal Auditor
Laura Robison, Vice President of Actuarial, Audit, and Underwriting Services
Ian Williams, Vice President of Human Resources
Kelly Carriger, Assistant to the Board

Other attendees:

Brian Luna, United Insurance Agencies

Approval of Audit Committee minutes

Upon motion duly made and seconded, the minutes from the September 11, 2019, meeting were unanimously approved.

Modification to the 2019 Internal Audit plan

Ms. Pollino reported that Internal audit, in consultation with SAIF's executive leadership team, reprioritized some of the audits remaining on the 2019 audit plan to accommodate higher value work. Internal audit proposes the removal two audits, the addition of three new audits, and the delay of two audits until 2020.

Upon motion duly made and seconded, the modified 2019 internal audit plan was unanimously approved.

Review of risk assessment and approval of 2020 internal audit plan

Referring to materials provided in advance of the meeting, Ms. Pollino reviewed SAIF's annual risk assessment and the high-level risk heat map. She also reported on internal audit's list of recommended audits for inclusion in the 2020 internal audit plan.

Ms. Pollino and other members of management responded to a question from Mr. Balasubramani regarding the audit selection process and which staff has input on this selection.

Upon motion duly made and seconded, the 2020 internal audit plan was unanimously approved.

Review of building security

Mr. Johnson reported on the building security audit, the purpose of which was to determine whether SAIF's processes for managing building security were appropriate for the associated level of risk. Internal audit verified the processes for managing building security were risk-appropriate. Minor issues were identified and remedied. Mr. Mohlis commented that it is very important to reduce this risk.

Review of entry and exit

Ms. Bacheller reported on internal audit's review of entry and exit process for non-employees. Access to systems and buildings is granted based on job duties. Internal audit recommends management review identified best practices and prioritize which measures should be standardized. Management agrees with the recommendation and a work group has been created.

Review of acceptance language

Ms. Hinman reported on the review of acceptance language audit. The purpose of this audit was to determine if acceptance language requests were reasonable to ensure nurse consultants are being properly utilized. Internal audit identified opportunities to reduce the number of unreasonable requests and improve nurse consultant responses. Management plans to provide guidance and training to adjusters and nurse consultants.

Ms. Hinman and Ms. Gehring responded to questions from Mr. Balasubramani regarding the overall process of acceptance language requests.

Dividend issuance review

Ms. Pollino reported on the dividend issuance review. The manual processes were verified, and no issues were discovered.

Ms. Pollino and Ms. Manley responded to a question from Mr. Mohlis regarding the form of dividend payments and how many checks come back to SAIF.

Internal Audit update

The committee was provided with a list of the projects currently in process and a list of internal audit reports and management letters issued since the last committee meeting.

Adjournment

There being no further business, the meeting was adjourned at 9:45



Kelly Carriger, Executive Assistant to the Board