



SAIF CORPORATION

BOARD OF DIRECTORS AUDIT COMMITTEE

**Wednesday
December 13, 2017
9:00 a.m.**

**SAIF Corporation
440 SE Church St.
Salem, Oregon**

After determining a quorum was present, the meeting was called to order at 9:05 a.m.

Roll call:

Kevin Jensen

Maurice Rahming (entered the meeting at 9:19 a.m.)

SAIF Corporation personnel present:

Kerry Barnett, President and CEO

Bill Barr, Chief Operating Officer

Ken Collins, Chief Information Officer and Chief Technology Officer

Gina Manley, Vice President of Finance and Chief Financial Officer

Kathy Gehring, Vice President of Claims

Bridgette Matthews, Assistant Vice President of Claims

Cathy Pollino, Chief Internal Auditor

Todd Graneto, Controller

Kambra Hinman, Internal Auditor

Robert Johnson, Internal Auditor

Shelby Bacheller, Internal Auditor

Bill Donnell, Information Security Supervisor

Kelly Miller, Assistant to the Board

Approval of Audit Committee minutes

Upon motion duly made and seconded, the minutes from the August 30, 2017, meeting were unanimously approved.

Follow-up Audit on the Tracking and Recovering Claim Overpayments

Ms. Pollino presented a review of the follow-up audit on tracking and recovering claims overpayments. The purpose was to determine whether claim overpayments are being tracked properly and if reasonable steps are being taken to recover overpayments. Since the last audit, claims worked with information services to develop an improved way to track overpayments. SAIF now recovers 99 percent of overpayment dollars, compared to 81 percent at the time of the prior audit.

Mr. Jensen inquired if overpayment recovery creates an issue with our policyholders. Ms. Gehring explained how SAIF works with injured workers to educate them on the process.

Follow-up Audit on the Status of SAIF's Information Security Program

Mr. Johnson presented findings on the information security program follow-up audit. This audit evaluated whether SAIF's information security plan addresses the highest priority need and

key aspects of an information security program. Internal audit rated 83 different areas in four categories and found the plans put together by information systems did address those areas and showed an improvement in the maturity of each of the four categories.

Internal audit made one recommendation to management which they agree with.

Review of Expense Allocation Process

Ms. Bacheller reported on an audit to determine if SAIF's current expense allocation processes are reasonable, consistent, and adhere to best practices for the industry. The audit demonstrated SAIF's financial services division works to ensure allocations are documented, reviewed, and best represent SAIF's financial position.

Dividend Issuance Review

Ms. Pollino reported on an audit designed to test the manual processes used to issue dividends, specifically the process to identify policies that did not qualify for a dividend due to being in default, to allocate dividends to wrap-up accounts, and to cap dividends at 95 percent of premium paid. The dividend issuance was a successful process and internal audit had no findings.

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.

Review of Risk Assessments and approval of 2018 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 2018 internal audit plan.

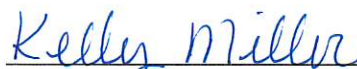
Ms. Pollino responded to questions from the Directors regarding frequency and type of audits.

Upon motion duly made and seconded, the 2018 internal audit plan was unanimously approved.

Ms. Pollino thanked Mr. Jensen for his service and guidance on the audit committee.

Adjournment

There being no further business, the meeting was adjourned at 9:42 a.m.



Kelly Miller, Executive Assistant to the Board