



SAIF CORPORATION

BOARD OF DIRECTORS AUDIT COMMITTEE

**Wednesday
September 6, 2023
8:30 a.m.**

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

After determining a quorum was present, the meeting was called to order at 8:29 a.m.

Roll call:

Tammy Baney, Chair
Johnell Bell

SAIF Corporation personnel present:

Chip Terhune, President and CEO
Ian Williams, Chief Operating Officer
Gina Manley, Chief Financial Officer
Ken Collins, Vice President of Information Technology and Chief Information Officer
Olivia Keefer, Chief Actuarial Officer, Vice President of Actuarial Services
Shannon Rickard, Chief Legal Counsel & Strategy Officer, VP of Legal & Procurement Services
Todd Graneto, Vice President of Underwriting and Premium Audit
Sharifa Gomez, Vice President of Human Resources
Tiffany Uranga, Enterprise Risk Management Director
Jamie Ralls, Chief Internal Auditor
Kambra Hinman, Internal Auditor
Shelby Bacheller, Internal Auditor
Robert Johnson, Internal Auditor
Kevin Grainey, Controller
Kelly Carriger, Executive Assistant to the Board

Virtual attendees:

Holly Tindall, Vice President of Corporate Services

Other attendees:

Michelle Rock, Secretary of State
Ashley Osten, Moss Adams
Joelle Pulver, Moss Adams

Approval of Audit Committee minutes

Upon motion duly made by Mr. Bell and seconded by Ms. Baney, minutes from the March 8, 2023, meeting were unanimously approved.

External financial audit results

Moss Adams performs an audit of the financial statements prepared in accordance with statutory accounting practices and an audit of SAIF's financial statements prepared in accordance with generally accepted accounting principles (GAAP). In addition, Moss Adams issues a report on internal control over financial reporting. Moss Adams identified no material misstatements or significant deficiencies in the course of the audit. There were no changes in significant accounting policies, significant accounting estimates, or financial statement disclosures that impacted the financial statements. SAIF staff were responsive to Moss Adams' requests, well organized, and Moss Adams staff had access to all records needed for the audit.

The audit committee thanked Moss Adams for the thorough report and analysis and congratulated the SAIF team for leading the organization with deft financial controls.

Mr. Grainey reported that Oliver Wyman conducted its annual actuarial evaluation of SAIF's financial viability and loss reserves as of December 31, 2022. Oliver Wyman concluded that SAIF has sufficient surplus, and the reserves are within a reasonable range.

The Audit Committee then met with the Moss Adams representatives and the Oregon Secretary of State without SAIF employees present. Afterward, they met with only the finance and actuary team.

Q4 2023 audit plan

Ms. Ralls reviewed the fourth quarter audit plan. The plan development process includes a risk assessment, creating a list of proposed audit and consulting projects, evaluating the current quarter's plan status, and determining auditor capacity. Proposed audits include a dividend review, a possible consultation with human resources, and an internal audit quality assurance review.

Ms. Ralls responded to a question from Ms. Baney regarding auditor capacity and workforce challenges.

Upon motion duly made by Mr. Bell and seconded by Ms. Baney, the updated fourth-quarter internal audit plan was unanimously approved.

Review of cybersecurity governance

Mr. Johnson reported the purpose of this audit was to perform a retrospective review of the October 2022 cybersecurity incident. Internal Audit summarized lessons learned to management in a separate confidential report.

Mr. Terhune commented that management values the full transparency of these conversations. He responded to a question from Mr. Bell about how the board will continue to receive updates on this matter.

Ms. Baney stated that it builds confidence when we show we are doing our best. Our process could be a model for other agencies to follow.

Employee separations review

Ms. Bacheller reported that the employee separations review aimed to provide assurance over SAIF's employee separation framework, practices, and controls to ensure its equitability, transparency, and consistency.

Detailed testing revealed confusion over the separations process, including those requiring employee relations interventions. Internal audit made two recommendations, which management agrees with and is working to implement.

Ms. Bacheller, Ms. Ralls, and Ms. Gomez responded to questions and comments from the audit committee regarding demographic trends, coaching and training accountability, and the need for consistent policies and procedures from a diversity, equity, and inclusion perspective.

Management's report of internal control over financial reporting

Ms. Ralls reported the audit results of SAIF's annual internal control assessment. The Model Audit Rule requires insurers with annual premiums over \$500 million to file this report. Based on management's review of internal controls, there were no unremediated material weaknesses as of December 31, 2022, identified as part of SAIF's internal control structure over statutory financial statements for the year ended December 31, 2022.

Ms. Ralls responded to Ms. Baney's question on whether there were incomplete areas in 2021 and would they be presented again in 2022.

Private mileage vehicle review

Ms. Bacheller explained that the purpose of this review is to provide a snapshot of the current landscape of private mileage reimbursements, including policies and guidance documents, and identify trends, if applicable.

Internal Audit found that private mileage reimbursement processes are not being followed. Policies and guidance documents are fairly cohesive but could improve for ease of understanding and use. Despite being approved by supervisors, reimbursement requests generally do not contain appropriate identifying information, such as beginning and ending addresses, and therefore are not in compliance with current policy. Two recommendations were made, which management agrees with and has already started implementing.

Internal audit update

Ms. Hinman provided an update on three ongoing audits: a wire transfer review, a claims system implementation security and access controls review, and a claims death matching review. She also spoke about internal audits in progress consultations.

The internal audit team responded to questions from the committee regarding the focus of the ethics training consultation, how SAIF is navigating paid leave Oregon, and if The Standard is managing all leave management.

Internal audit name change

Ms. Ralls shared some recent positive customer service feedback with the committee. Internal Audit is proposing a name change to Internal Audit and Advisory Services. The name change will better reflect the services provided and expand offerings to those who are unaware of these services.

Upon motion duly made by Mr. Bell and seconded by Ms. Baney, the proposed name change was unanimously approved as presented.

Ms. Baney and Mr. Bell thanked everyone for their work in bringing today's meeting together.

Adjournment

There being no further business, the meeting was adjourned at 9:49 a.m.



Kelly Carriger, Executive Assistant to the Board