

**THE AUDIT COMMITTEE  
of the  
BOARD OF TRUSTEES  
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

**MINUTES OF THE MEETING OF April 1, 2025**

The Audit Committee (AC) convened on Tuesday April 1, 2025, at 11:30 a.m. via video conference call with the host on site at 120 East Baltimore Street, Baltimore, Maryland.

Committee members present were: Mia N. Pittman, Chairman  
Robert F. Sandlass, Jr., Vice-Chairman  
Richard E. Norman

MSRA attendees were: Martin Noven, Executive Director  
Kimberly O’Keefe, Retirement Administrator  
Megan Myers, Deputy Retirement Administrator  
Michael Howard, Chief Operating Officer  
David Rongione, Chief Internal Auditor  
Bob Diehl, Chief Technology Officer  
Thomas Montanye, Deputy Chief Technology Officer  
Dave Toft, Director of IS Data Security and Quality  
Shakiera Williams, Cybersecurity Compliance Specialist II  
Harris Kaplan, Deputy Chief Business Operations Officer  
Lisa Jordan, Executive Associate II  
Cheryl Davis-Shaw, Executive Special Assistant  
Courtney Key, Special Assistant  
Lauren Smith, Internal Audit Contract Manager  
Richa Sultana, Internal Audit Manager

AAGs present were: Rachel Cohen, Principal Counsel  
Emily J. Spiering, Deputy Counsel

**1. Call Meeting to Order**

Ms. Pittman called the meeting to order at 11:34 a.m.

**2. Ratification of the Minutes of the November 12, 2024 Audit Committee Meeting**

On a motion made by Mr. Norman and seconded by Mr. Sandlass, the minutes of the November 12, 2024 Audit Committee (AC) meeting were approved.

**3. Mid-year Risk Assessment Update**

Mr. Rongione presented the Mid-Year Risk Assessment memo as well as the annual risk assessment memo that was presented at the July 2024 committee meeting. He summarized the memo stating that the Institute of Internal Auditors released the 2024 Global Internal

Audit Standards, which became effective January 9, 2025. These updated standards require more frequent risk assessments and updates to the internal audit plan.

He continued by saying the Internal Audit Division (IAD) performed a mid-year risk assessment in December 2024, following the same process as for the annual risk assessment. Based on the results of the risk assessment, no change is warranted to the annual risk-based audit plan. However, there have been some pressing Agency needs and other items that have surfaced after the mid-year risk assessment that justifies some changes to the risk-based audit plan. The proposed changes are as follows:

- Remove the Finance Consulting Project from the audit plan. The scope of this project was to evaluate the Accounts Payable department procedures, processes, risk and control environment, and to propose enhancements. Shortly after IAD started this project, the resources had to be diverted to compile the Financial Statements and the Annual Comprehensive Financial Report (ACFR). The Agency hired a COO in March 2025, and a CFO is slated to start in April 2025. These two individuals will be tasked with reengineering the Accounts Payable process. Once it is implemented, IAD can perform an audit.
- Remove the AI Audit. In further discussions with the Agency's Management, the utilization of AI is currently limited within the Agency. IAD believes this audit would be premature at this time and plans to postpone this audit to gain a further understanding during the annual risk assessment process in May 2025.
- Remove the IT security Controls audit to avoid redundancy. The Office of Legislative Audits (OLA) contacted the Agency in March 2025 and is beginning to schedule the fiscal compliance audit. This audit will also cover critical information technology networks and system security.
- IAD will utilize the hours from the audits above to start implementing new documents, procedures, and requirements from the updated IIA Standards. Due to the extensive time commitment required by Agency staff for the OLA audit, IAD believes it is best to utilize the hours from the above canceled audits for this administrative task.

Mr. Sandlass asked approximately how many hours were spent by IAD for the Financial Statements and ACFR compilation. Mr. Rongione answered by saying IAD spent approximately 300 hours.

#### **4. Revised FY25 Audit Plan**

Mr. Rongione presented the revised FY25 audit plan noting that as discussed during the risk assessment topic, the revised audit plan reflects the removal of the Accounts Payable

Consulting Project, the IT Security Controls audit, the AI Audit, and the addition of the Financial Statements and ACFR Compilation and the IIA Standards implementation. On a motion made by Mr. Sandlass and seconded by Mr. Norman, the revised FY25 audit plan was approved.

## **5. Audit Plan Status**

Mr. Rongione presented the audit plan status mentioning that the Investment Risk assessment, the Application Inventory and Access audit, the Security Incident Response and Event Management audit, the Data Governance audit, as well as the first and second quarter data analytics are complete. He continued by saying the Contact Information Change audit, the MPAS/System Data Entry and Verification audit, the Internal Trading audit, and the IT General Controls audit are in progress. The Staffing audit and the Portfolio Management and Ongoing Due Diligence audits are in the planning phase. For the Participating Employer audits, 32 audits are complete, 21 audits are complete pending management response, and 32 audits are in progress. He added that this fiscal year there have been 36 data analytic issues identified, and 7 issues identified during various internal audits.

Mr. Sandlass inquired about the nature of the Staffing audit. Mr. Rongione mentioned that the root cause analysis revealed that many of the open issues are related to either policies not enforced or policies not in place. During the Staffing audit, IAD will investigate the reasons for these root causes by reviewing the onboarding process, turnover rate, annual training, whether necessary updates are being made to the job requirements etc. Mr. Sandlass agreed that it is an important audit and will be beneficial to the Agency.

## **6. Open Issues Log**

Mr. Rongione reviewed the documents related to the open issues starting with the *Aging of Open Issues*. He noted that of the 29 open issues, 17 issues have been open greater than a year, 7 issues have been open between 6 months to a year, and 5 issues have been open less than 6 months. He emphasized that management should prioritize remediating the 17 issues that have been open longer than a year, as well as the issues rated with a high risk.

Mr. Rongione then presented the *Open Issues Dashboard* that illustrates the number of issues closed during the fiscal year as well as the current status of the issues by division. He noted that 43 issues have been closed this fiscal year, with 32 originating from the Information Systems Division. There is currently one open item that has been remediated by management and ready for IAD to test.

The next item presented was the *Open Issues Log* which is abbreviated at the Committee's request to show the issues which are deemed higher risk. In reviewing the 5 issues with an overall higher risk rating, it was noted that 4 of these findings are in progress with 3 expected to be completed by fiscal year end 2025, and one expected to be completed in 2026. The remaining issue was tested by IAD, and further remediation is required.

Mr. Rongione then presented the two root cause charts, one for all issues and one for issues open greater than a year. The key takeaways are as follows:

- There are currently 14 findings identified as having the root cause of policies not in place, 7 findings identified with the root cause of policies not enforced, and 8 findings with the root cause of logical security.
- For **Policies not enforced**: The current policies detail the process and internal controls; however, the controls detailed in the policy were not followed or design of new controls is needed.
- For **Policies not in place**: This categorizes findings where new policies need to be implemented or current policies need to be updated to reflect the current process.
- For **Logical security**: This categorizes findings in which an information system needs security measure updates, which could include access controls, authentication, or encryption.

Ms. Pittman suggested that going forward management should provide a memo for issues open longer than a year so the Committee can stay current with the items. She added that the Committee would like to know management's remediation plan each quarter. Mr. Noven agrees that this task will ensure the older open issues are getting the attention they deserve.

## **7. Data Analytic Dashboard**

Mr. Rongione presented the Data Analytics dashboard report stating that the first chart on the dashboard shows the aging of issues. He added that there are currently 21 open issues with the bulk of the findings originating from the date of birth analysis for members. All of these issues have been open less than 6 months. He thanked management for getting the older issues remediated and staying current with the issues identified. He described the nature of the other charts stating that they show each data analytic that IAD performs and compares the number of samples tested and the number of exceptions identified to the prior fiscal year.

## **8. Internal Quality Assurance Results**

Mr. Rongione mentioned that Internal Auditing Standards require that a quality assurance and improvement program are implemented. He then presented the results of the Internal Audit Division Quality Assurance and Improvement program for calendar year 2024. He added that there are two components of the quality assurance program:

- Review of selected audits after their completion; and
- Annual review of internal audit operations for compliance with general standards.

He concluded the discussion by saying that based on the review, there were no recommendations for improvement, and IAD has operated within standards.

## **9. Completed Audits**

Mr. Rongione presented the results of the two completed audits:

- 1) The Security Information and Event Management audit report was a “Green” report, meaning a satisfactory or acceptable level of control or compliance. The scope included the process and ensuring controls are in place to properly identify, react, mitigate, and remediate security events during the period of April 2024 thru October 2024. The audit identified 2 issues which are detailed in the report. Management has agreed with the issues and responded with an acceptable remediation plan.
- 2) The Data Governance Audit report was a “Yellow” report, meaning improvement is needed. The scope included the Data Governance Process as of December 2024. The audit identified 2 issues which are detailed in the report. Management has agreed with the issues and responded with an acceptable remediation plan. Any questions.

## **10. Motion to meet in Closed Session**

On a motion made by Mr. Norman and seconded by Mr. Sandlass, the AC voted to meet in a closed session, beginning at 11:48 p.m., for the purposes of:

- (a) to review the closed session Audit Committee Minutes, in order to comply with the requirement that closed session minutes be sealed and not open to public inspection, pursuant to General Provisions Art., § 3-103 (a)(1), the exercise of an administrative function; and General Provisions Art., § 3-305(b)(13), to comply with a specific statutory constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter namely, General Provisions Art., § 3-306(c)(3)(ii), requiring that the minutes of a closed session be sealed and not be open to public inspection;
- (b) to review actions taken following allegations of non-receipt of EFT payments by certain retirees and to consider a request to approve repayment of benefits to a retiree, in order to prevent public disclosure of confidential retirement records, pursuant to General Provisions Art., § 3-305(b)(13), to comply with a specific statutory constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter namely, General Provisions Art., § 4-312 regarding the prohibition on disclosing retirement records; and in order to protect confidential network security information, pursuant to General Provisions Art., § 3-305(b)(15), to discuss cybersecurity, if the Audit Committee determines that public discussion would constitute a risk to (i) security assessments or deployments relating to information resources technology, (ii) network security information, including information that is related to an assessment of the vulnerability of a network to criminal activity, or (iii) deployments or implementation of security personnel, critical infrastructure, or security devices;

- (c) to discuss the Information Systems open issues log and Managements action plan to remediate issues related to MSRA network infrastructure and network security and confidential commercial information supplied by a third party to the System (who performed the audits), in order to avoid risk to security assessments, network security information or deployments of security personnel, infrastructure or devices, pursuant to General Provisions Art. § 3-305(b)(15), to discuss cybersecurity, if the Committee determines that public discussion would constitute a risk to: (i) security assessments or deployments relating to information resources technology, (ii) network security information, or (iii) deployments or implementation of security personnel, critical infrastructure, or security devices.

### **Closed Session**

Committee members present were: Mia N. Pittman, Chairman  
Robert F. Sandlass, Jr., Vice-Chairman  
Richard E. Norman

MSRA attendees were: Martin Noven, Executive Director  
Kimberly O'Keefe, Retirement Administrator  
Megan Myers, Deputy Retirement Administrator  
Michael Howard, Chief Operating Officer  
David Rongione, Chief Internal Auditor  
Bob Diehl, Chief Technology Officer  
Thomas Montanye, Deputy Chief Technology Officer  
Dave Toft, Director of IS Data Security and Quality  
Shakiera Williams, Cybersecurity Compliance Specialist II  
Harris Kaplan, Deputy Chief Business Operations Officer  
Lisa Jordan, Executive Associate II  
Cheryl Davis-Shaw, Executive Special Assistant  
Courtney Key, Special Assistant  
Lauren Smith, Internal Audit Contract Manager  
Richa Sultana, Internal Audit Manager

AAGs present were: Rachel Cohen, Principal Counsel  
Emily J. Spiering, Deputy Counsel

**On motion duly made by Mr. Norman and seconded by Mr. Sandlass, the Committee returned to Open Session beginning at 11:58 p.m.**

### **Open Session**

Committee members present were: Mia N. Pittman, Chairman  
Robert F. Sandlass, Jr., Vice-Chairman  
Richard E. Norman

MSRA attendees were: Martin Noven, Executive Director

Kimberly O'Keefe, Retirement Administrator  
Megan Myers, Deputy Retirement Administrator  
Michael Howard, Chief Operating Officer  
David Rongione, Chief Internal Auditor  
Bob Diehl, Chief Technology Officer  
Thomas Montanye, Deputy Chief Technology Officer  
Dave Toft, Director of IS Data Security and Quality  
Shakiera Williams, Cybersecurity Compliance Specialist II  
Harris Kaplan, Deputy Chief Business Operations Officer  
Lisa Jordan, Executive Associate II  
Cheryl Davis-Shaw, Executive Special Assistant  
Courtney Key, Special Assistant  
Lauren Smith, Internal Audit Contract Manager  
Richa Sultana, Internal Audit Manager

AAGs present were:

Rachel Cohen, Principal Counsel  
Emily J. Spiering, Deputy Counsel

**During closed session, the Committee discussed the matters identified in the motion to meet in closed session, and acted on the following matters:**

**Closed Session Meeting Minutes**

The Committee approved the closed session minutes from the November 12, 2024 AC meeting.

**Repayment of Benefits**

The Committee approved staff's recommendation regarding repayment of benefits to a retiree.

**11. Committee-led Discussion**

Ms. Pittman mentioned that there is a potential of having one additional committee member. Mr. Noven said Chief Deputy Treasurer Jonathan Martin attends many of the Committee meetings as the Treasurer's designee. He will approach the Treasurer with the idea of designating Jon Martin as his representative on the AC.

**12. Next Audit Committee Meeting**

Ms. Pittman mentioned that the next AC meeting will be on July 8, 2025.

**13. Motion by the Audit Committee to Adjourn Meeting**

On a motion made by Mr. Sandlass and seconded by Mr. Norman, the meeting adjourned at 12:15 pm.

Respectfully submitted,

*David Rongione*

---

David Rongione, Secretary