



MINUTES
Audit Committee
February 17, 2016

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on February 17, 2016 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Chair, called the meeting to order at 1:00 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Bob Lyons (Chair), Mark Bailey (Vice Chair), and Andy Hirshman. Trustees present: Mike Busby, Rainy Kaplan, Sonia Walwyn, and Dan Winter.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Tom Gray, Chief Legal Counsel; Marcy Dutton, Chief Legal Counsel; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Kathleen Farney, Director of Research; Dave Urbanek, Director of Communications; Gina Larkin, Chief Human Resources Officer; Jana Bergschneider, Chief Financial Officer; Sally Soderberg, Chief Benefits Officer; Lori Dour, Claims Manager; Deron Bertolo, Director of Investment Accounting; Tom Smith, Chief Technology Officer; Bob Jiroutek, Risk Manager; Tim Hays, Sr. Investment Officer; Dakin Sanert, Sr. Investment Analyst; Sue Billington, Executive Assistant; Tammy Green, Assistant to the Executive Director; Becky Gratsinger, RV Kuhns (Investment Consultant); Jarrod Rapalje and Michael Humphrey, Courtland Partners (Real Estate Consultant); and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Don Davis, IRTA and Christine Williamson, Pensions & Investments.

Minutes

A draft of the December 9, 2015 audit committee minutes was sent to the committee members for review. On a motion by Andy Hirshman, seconded Mark Bailey, the minutes were approved as printed.

KPMG Real Estate Audit Reports

Jeff Gordon and Dan Kozera of KPMG summarized the FY 15 audit results of the real estate portfolios that are owned by TRS and managed by Capri Capital Partners, Cornerstone Real Estate Advisors, Heitman Capital Management, Invesco Real Estate, Lincoln Property Company Realty Advisors, and Principal Real Estate Investors. The audits did not identify any significant deficiencies or material weaknesses in internal control. In addition, KPMG outlined the deliverables, timeline, and scope for the FY 16 audit plan. Documentation is on file.

Internal Audit Reports

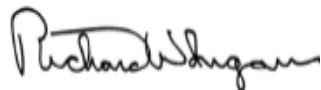
Internal Audit staff provided summaries of the Wire and Security Transfers audit and the Revenues and Receivables audit. Documentation is on file.

Financial Audit Report

Jana Bergschneider, Chief Financial Officer, reported that RSM US LLP, Special Assistant Auditors for the Auditor General, has completed the financial audit for fiscal year ended June 30, 2015. Documentation is on file. The auditors identified weaknesses in controls over verification of member census data reported by participating employers. This issue was also identified and reported during FY 14, and TRS has developed an action plan with expectation to implement additional controls in FY 16.

ADJOURNMENT

On a motion by Mark Bailey, seconded by Andy Hirshman, and by unanimous vote, the meeting adjourned at 1:27 p.m.



Richard W. Ingram, Executive Director

Approved: 5/20/16