



MINUTES
Audit Committee
October 27, 2016

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on October 27, 2016 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Chair, called the meeting to order at 1:45 p.m. A quorum was present.

Roll call attendance was taken with the following committee members present: Bob Lyons (Chair), Ann Deters, Andy Hirshman, and Randy Winters. Absent: Mark Bailey.

Trustees present: Rainy Kaplan, Cinda Klickna, Alexander Stuart, and Dan Winter.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Sr. Internal Auditor; Jana Bergschneider, Chief Financial Officer; Carlton Lenoir, Chief Benefits Officer; Gina Larkin, Chief Human Resources Officer; Kathleen Farney, Director of Research; Bob Jiroutek, Rick Officer; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Sr. Legal Counsel; Tom Smith, Chief Technology Officer; Dave Urbanek, Director of Communications; Rich Frankenfeld, Director of Outreach; Sally Antonacci, Investment Admin. Services Supervisor; Sue Billington, Executive Assistant; Tammy Green, Assistant to the Executive Director; and John Wolters, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Gilbert Deimel, IRTA; Don Davis, IRTA; Larry Pfeiffer, IRTA; Christine Williamson, Pensions & Investments; Jason Parks, Loop Capital; Diane Chapman, IEA-R; and Bob Kaplan.

Minutes

A draft of the August 25, 2016 Audit Committee meeting was sent to the committee members for review. On a motion by Andy Hirshman, seconded by Ann Deters, and by unanimous voice vote, the minutes were approved as printed.

Audit Findings & Observations Status Report

Stacy Smith, Director of Internal Audit, provided a summary of the Audit Findings & Observations Status Report as of September 30, 2016. The report shows the recommendation for each finding and observation along with the status of the item and length of time outstanding. The report contains only items that are still pending, issues that have been resolved, new reportable items since last report, and issues where the risk has been accepted by the responsible department. Documentation is on file.

Employer Services Audit Update

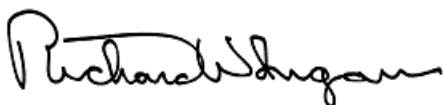
Stacy Smith provided an update on the Employer Services findings as requested at the August meeting. Information Technology has worked on several of the outstanding findings with Employer Services with one finding resolved and two that are close to complete. The remaining outstanding findings and observations are being addressed by Employer Services; however, some of them will take time to implement. Internal Audit will review recently implemented processing changes during the next follow-up in March.

Trustee Winter is concerned with the number of reporting errors made by school districts that TRS has to handle.

Director Ingram explained the tasks of the TRS Investment Risk Management Committee and the TRS Enterprise Risk Management Committee. Trustee Hirshman requested copies of risk management charters be sent to the trustees.

ADJOURNMENT

On a motion by Andy Hirshman, seconded by Ann Deters, and by unanimous vote, the meeting adjourned at 2:04 p.m.



Richard W. Ingram, Executive Director

Approved: 12/13/16