



**MINUTES**  
**Audit Committee**  
**February 16, 2017**

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on February 16, 2017 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Chair, called the meeting to order at 1:15 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Bob Lyons (Chair), Mark Bailey (Vice Chair), Ann Deters, Andy Hirshman, and Randy Winters (arrived 1:30 p.m.). Trustees present: Rainy Kaplan, Cinda Klickna, Laura Pearl, Sandy Stuart, and Dan Winter.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Sr. Legal Counsel; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Sr. Internal Auditor; Kathleen Farney, Director of Research; Dave Urbanek, Director of Communications; Gina Larkin, Chief Human Resources Officer; Jana Bergschneider, Chief Financial Officer; Deron Bertolo, Director of Investment Accounting; Bob Jiroutek, Risk Officer; Tim Hays, Sr. Investment Officer; Dakin Sanert, Sr. Investment Analyst; Sue Billington, Executive Assistant; Tammy Green, Executive Assistant; Becky Gratsinger, Marcia Beard, and Ian Bray, RV Kuhns (Investment Consultant); and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Don Davis, IRTA; Larry Pfeiffer, IRTA; and Gayla Dial, IEA-R

Minutes

A draft of the December 13, 2016 audit committee minutes was sent to the committee members for review. On a motion by Andy Hirshman, seconded Cinda Klickna, the minutes were approved as printed.

### KPMG Real Estate Audit Reports

Representatives of KPMG summarized the FY 16 audit results of the real estate portfolios that are owned by TRS and managed by Capri Capital Partners, Barings Real Estate Advisers, 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 17 audit plan. Documentation is on file. A motion was made by Andy Hirshman, seconded by Mark Bailey, that the committee recommend to the Board to approve the FY 16 real estate audit results and FY 17 proposed audit plan as presented by KPMG. The motion passed by unanimous voice vote.

### Internal Audit Reports

Internal Audit staff provided a summary of the Personnel and Payroll audit. Documentation is on file.

### Financial Audit Report

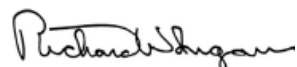
Jana Bergschneider, Chief Financial Officer, reported that RSM US LLP, Special Assistant Auditors for the Auditor General, has completed the financial audit for fiscal year ended June 30, 2016. Documentation is on file. There were no findings reported under *Government Auditing Standards*.

### Internal Audit Plan

Staff is in the process of developing the audit plan for fiscal years 2018 and 2019. Internal Audit considers the input of senior management and the audit committee in developing the annual plan. Recommendations may be emailed to Stacy Smith, Director of Internal Audit.

## **ADJOURNMENT**

On a motion by Mark Bailey, seconded by Andy Hirshman, and by unanimous vote, the meeting adjourned at 1:52 p.m.



Richard W. Ingram, Executive Director

Approved: 6/21/17