



MINUTES
Audit Committee
May 24, 2018

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on May 24, 2018 at the Hyatt Regency O'Hare, 9300 W. Bryn Mawr Avenue, Rosemont. Matt Hower, Chair, called the meeting to order at 10:23 a.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Matt Hower, (Chair); Mark Bailey (Vice Chair); Andy Hirshman, Fred Peronto, and Randy Winters. Trustees present: Tracy Kearney, Cinda Klickna, Laura Pearl, Larry Pfeiffer, Mark Splitstone, Dan Winter, and Tony Smith.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Marcy Dutton, Chief Legal Counsel; Carlton Lenoir, Chief Benefits Officer; Stacy Smith, Director of Internal Audit and Risk; Tammy Green, Executive Assistant; and Tiffany Reeves, Reinhart (Fiduciary Counsel); Becky Gratsinger, Ian Bray, Matthew Sturdivan, Amy Hsiang, and Tony Johnson RVK (Investment Consultant).

Visitors present: Bob Lyons, IRTA Rep.; Christine Williamson, Pensions & Investments; and Ilene Siegel, IEA-Retired.

Minutes

A draft of the March 1, 2018 minutes of Audit Committee meeting was sent to the committee members for review. On a motion by Mark Bailey, seconded by Andy Hirshman, and by unanimous voice vote, the minutes were approved as printed.

Internal Audit Report

Stacy Smith, Director of Internal Audit and Risk, provided a summary of the following audits. Documentation is on file.

- Retirement Claims
- Petty Cash
- Revenues & Receivables

FY 18 Revised Internal Audit Plan

Staff recommended that the fixed income and real return audit be moved from FY 18 to the FY 19 internal audit plan. Documentation is on file. A motion was made by Mark Bailey, seconded by Fred Peronto, that the committee recommend to the Board to approve the revised FY 18 internal audit plan as presented. The motion passed by a unanimous voice vote.

FY 19/FY 20 Internal Audit Plan

The committee received the two-year internal audit plan for fiscal years 2019 and 2020 including the risk assessment worksheets. Documentation is on file. A motion was made by Mark Bailey, seconded by Andy Hirshman, that the committee recommend to the Board to approve the FY 19/FY 20 Internal Audit Plan as presented. The motion passed by a unanimous voice vote.

Internal Audit Charter Revisions

Staff presented changes to the internal audit charter to reflect the new title of the director of internal audit to “director of internal audit and risk”, including her expanded role. A motion was made by Mark Bailey, seconded by Fred Peronto, that the committee recommend to the Board to approve the revisions to the internal audit charter as presented. The motion passed by a unanimous voice vote.

FY 18 FCIAA Summary of Responses (Internal Control Evaluation)

The Fiscal Control and Internal Auditing Act requires that staff prepare and transmit to the Auditor General by May 1 of each year a certification that the system of internal controls of TRS fully complies with the requirements of the Act. A summary of the responses from fiscal year 2018 FCIAA internal control evaluation process is on file.

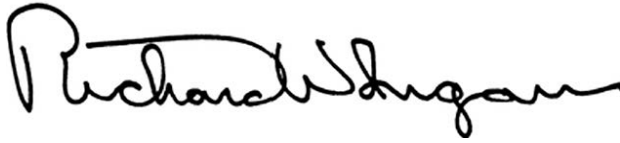
Audit Findings & Observations Status Report

The committee received the Audit Findings & Observations Status Report as of March 31, 2018. The report provides the status of previous audit findings and observations and 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.

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ADJOURNMENT

On a motion by Mark Bailey, seconded by Andy Hirshman, and by unanimous vote, the meeting adjourned at 10:37 a.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, with a large initial "R" and "I".

Richard W. Ingram, Executive Director

Approved: 8/16/18