



MINUTES
Audit Committee
October 28, 2019

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on October 28, 2019 at its Springfield office, 2815 W Washington Street. Fred Peronto, Chair, called the meeting to order at 1:37 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Fred Peronto, Chair; Larry Pfeiffer, and Doug Strand. Absent: Devon Bruce and Maureen Mena.

Trustees present: Mark Bailey, Norma Bellcoff, Marsha Byas, Andy Hirshman, David Miller, Laura Pearl, and Carmen Ayala. Mr. Miller was appointed by the governor on August 9, 2019 to serve as a member of the TRS Board of Trustees through July 2020.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Jana Bergschneider, Chief Financial Officer; Gina Larkin, Chief Human Resources Officer; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Sr. Legal Counsel; Jay Singh, Chief Information Officer; Carlton Lenoir, Chief Benefits Officer; Kathleen Farney and Amy Reynolds, Director of Research; Deron Bertolo, Director of Investment Accounting; Stacy Smith, Director of Internal Audit and Risk; Christina Baker, Sr. Internal Auditor; Matt Sporlein, Internal Auditor; Dave Urbanek, Director of Communications; Bob Jiroutek, Risk Officer; Tammy Green and Sue Billington, Executive Assistant; Becky Gratsinger, RVK (Investment Consultant), and Tiffany Reeves, Reinhart (Fiduciary Counsel).

Minutes

A draft of the August 2, 2019 minutes of the Audit Committee meeting was sent to committee members for review. On a motion by Trustee Strand, seconded by Trustee Pfeiffer, and by unanimous voice vote, the minutes were approved as printed.

Internal Audit Reports

TRS Staff provided summaries of the following internal audits. Documentation is on file.

- Securities Litigation
- Privacy
- Optional Service

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, 2019. 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.

Independence of Internal Audit Activity

Attribute Standard 1110 from the International Standards for the Professional Practice of Internal Auditing states that the chief audit executive must confirm to the Board, at least annually, the organizational independence of the internal audit activity. A copy of an annual TRS Auditor Independence Statement is on file for the recent hire of Matt Sporlein, TRS internal auditor. There are no potential conflicts of interest that could preclude him from carrying out the fiscal year audit activities.

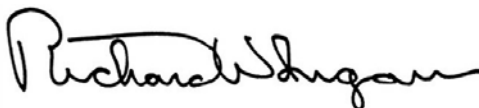
Internal Audit Standards

Attribute Standard 1010 in the International Standards for the Professional Practice of Internal Auditing states that the chief audit executive should discuss the Mission of Internal Auditing and the mandatory elements of the International Professional Practice Framework with senior management and the Board. The committee received a copy of the following documents:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- Code of Ethics
- The *Standards*

ADJOURNMENT

On a motion by Larry Pfeiffer, seconded by Doug Strand, and by unanimous vote, the meeting adjourned at 1:50 p.m.



Richard W. Ingram, Executive Director

Approved: 12/10/19