



MINUTES
Audit Committee
June 13, 2019

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on June 13, 2019 at the Springfield office of the Illinois Teachers' Retirement System, 2815 W. Washington Street. Fred Peronto, Vice Chair, called the meeting to order at 1:00 p.m. A quorum was present. Note: Tracy Kearney was withdrawn from the TRS Board in February and Matt Hower, Chair, was withdrawn from the TRS Board during April.

Roll Call attendance was taken with the following committee members present: Fred Peronto, (Vice Chair); Andy Hirshman, and Larry Pfeiffer. Trustees present: Mark Bailey, Cinda Klickna, Maureen Mena, Laura Pearl, Dan Winter, and Carmen Ayala.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Greg Turk, Director of Investments; Bob Jiroutek, Risk Officer; Marcy Dutton, Chief Legal Counsel; Cynthia Fain, Senior Legal Counsel; Gina Larkin, Chief Human Resources Officer; Jana Bergschneider, Chief Financial Officer; Carlton Lenoir, Chief Benefits Officer; Deron Bertolo, Director of Investment Accounting; Stacy Smith, Director of Internal Audit and Risk; Christina Baker, Sr. Internal Auditor; Dave Urbanek, Director of Communications; Kathleen Farney, Director of Research; Tammy Green, Executive Assistant (via telephone); Sue Billington, Executive Assistant; Sally Antonacci, Investment Office Manager; and Tiffany Reeves, Reinhart (Fiduciary Counsel);

Visitors present: Christine Williamson, Pensions & Investments; Jason Parks, Loop Capital Markets; Wesley Heyduck, IEA-Retired; and Marsha Byas, TRS trustee effective July 15, 2019.

Minutes

A draft of the March 14, 2019 minutes of Audit Committee meeting was sent to the committee members for review. On a motion by Larry Pfeiffer, seconded by Andy Hirshman, the minutes were approved by unanimous voice vote.

Internal Audit Reports

Christina Baker, Sr. Internal Auditor, provided summaries of the following audits. Documentation is on file.

- Personnel and Payroll
- Employer Services

FY 19 Revised Internal Audit Plan

Staff recommended the global fixed income audit be moved from FY 19 to the FY 20 internal audit plan. Documentation is on file. A motion was made by Andy Hirshman, seconded by Larry Pfeiffer, that the committee recommend to the Board to approve the revised FY 19 internal audit plan as presented. The motion passed by a unanimous voice vote.

FY 20/FY 21 Internal Audit Plan

The committee received the two-year Internal Audit Plan for fiscal years 2020 and 2021 including the risk assessment worksheets. Documentation is on file. A motion was made by Larry Pfeiffer, seconded by Andy Hirshman, that the committee recommend to the Board to approve the FY 20/FY 21 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 additional ethics Continuing Professional Education requirements mandated by the State Internal Audit Advisory Board. A motion was made by Larry Pfeiffer, seconded by Andy Hirshman, 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.

Audit Findings & Observations Status Report

The committee received the Audit Findings & Observations Status Report as of March 31, 2019. 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.

Enterprise Risk Report

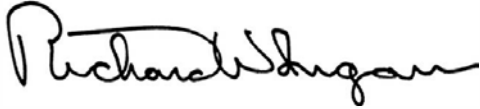
Since the last report in December, the TRS enterprise risk management committee has updated eight risk category reports. The updated risk assessments include accounting and financial reporting; budget; ethics and fraud prevention; investment accounting; open government; purchasing and contracts; regulatory, compliance and litigation; and talent continuity. Documentation is on file. The overall risk rating for Regulatory, Compliance & Litigation changed from low to guarded due to a change in the likelihood rating from not likely to slight.

Trustee Hirshman stated that Gemini should be its own category rather than within IT. The committee discussed the current Gemini project and its risks.

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ADJOURNMENT

On a motion by Larry Pfeiffer, seconded by Andy Hirshman, and by unanimous vote, the meeting adjourned at 1:30 p.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: 8/2/19