



## **TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

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### **MINUTES Audit Committee August 28, 2020**

A virtual meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on August 28, 2020 in accordance with Public Act 101-640 Government Emergency Administration Act and the COVID-19 Executive Order 2020-52, which extends the original Executive Order 2020-07 through September 19, 2020. An in-person meeting is not practical or prudent due to the current global COVID-19 pandemic.

Requirements under PA 101-640, Article 15 include:

- All votes must be roll call votes so that each member's vote on each issue can be identified and recorded.
- Prepare and maintain a verbatim record of both the open and closed sessions of the remote meeting.
- Everyone must be able to hear one another.

Fred Peronto, Chair, called the meeting to order at 8:30 a.m. A quorum was present. Roll Call attendance was taken with the following committee members present: Fred Peronto (Chair), Maureen Mena (Vice Chair), David Miller, Larry Pfeiffer, and Doug Strand. Trustees present: Mark Bailey, Devon Bruce, Andy Hirshman, Matt Hunt, and Matt Shattock.

Stan Rupnik, Acting Executive Director/Chief Investment Officer and Cynthia Fain, Sr. Legal Counsel, were physically present at the meeting location in Springfield, 2815 W. Washington Street.

Others present: Stacy Smith, Director of Internal Audit and Risk; Christina Baker, Internal Audit Supervisor; Carlton Lenoir, Chief Benefits Officer; Gina Larkin, Chief Human Resources Officer; Tammy Green, Executive Assistant; Bob Jiroutek, Risk Officer; Jeff Bennett, Director of Operations; Chris Wiedel, Director of Information Technology; John Gerding, Deputy Director of Information Technology; Dave Urbanek, Director of Communications; Greg Turk, Director of Investments; Deron Bertolo, Director of Investment Accounting; Abby Griffith, Investment Accounting Manager; Scottie Bevill, Sr. Investment Officer; Chad Fry, Technical Systems Manager; Tiffany Reeves and Jessica Culotti, Reinhart (Fiduciary Counsel). In addition, 13 call-in users were listening to the audit committee meeting.

## Minutes

A draft of the June 18, 2020 minutes of Audit Committee meeting was sent to the committee members for review. A motion was made by Trustee Strand, seconded by Trustee Mena, to approve the minutes as presented. Roll call resulted in affirmative voice votes from Trustees Mena, Miller, Peronto, Pfeiffer, and Strand. Motion Carried.

## Internal Audit Reports

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

- Property & Equipment
- IT Security
- Petty Cash

## Self- Assessment Quality Assurance Report

Professional auditing standards require internal assessments of the internal audit function. The committee received the results of the self–assessment quality assurance review conducted by TRS’s internal audit department for audit work that was performed between July 1, 2018 and June 30, 2020. Documentation is on file. The results of the report show that TRS’s internal audit activity generally conforms to the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing, Code of Ethics, and the Fiscal Control and Internal Auditing Act of Illinois.

## FY 2020 Audit Completion Report

The Fiscal Control and Internal Auditing Act mandates that each year Internal Audit submit to the Executive Director a report detailing how the audit plan for the past year was carried out, significant findings including management’s response and the extent to which the audit recommendations were implemented. The committee received the fiscal year 2020 Audit Completion Report. The report compares the fiscal year 2020 audit plan to actual audits completed during the year. Documentation is on file. All mandatory audits scheduled this fiscal year were completed.

## 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 the annual TRS Auditor Independence Statement is on file for each internal audit staff member. There are no potential conflicts of interest that could preclude them from carrying out the fiscal year audit activities.

### Quality Assurance and Improvement Program

Attribute Standard 1320 from the International Standards for the Professional Practice of Internal Auditing states that the chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the Board at least annually. The committee received a copy of the fiscal year 2020 quality assurance and improvement program checklist. Documentation is on file. The quality assurance and improvement program is an ongoing and periodic assessment of the entire spectrum of audit and consulting work performed by the internal audit activity.

### 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 Trustee Pfeiffer, seconded by Trustee Mena, and by unanimous vote, the meeting adjourned at 8:49 a.m.



Stan Rupnik, Acting Executive Director/Chief Investment Officer

Approved: 10/30/20