



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES Audit Committee February 17, 2022

A meeting of the Audit Committee of the Board of Trustees of the Teachers' Retirement System of the State of Illinois was held on February 17, 2022, at the President Abraham Lincoln Hotel, 701 East Adams Street in Springfield, IL. Trustee Larry Pfeiffer, Chair, called the meeting to order at 8:30 AM. Roll call attendance was taken with following committee members present: Trustee Larry Pfeiffer (Chair); Trustee Doug Strand (Vice Chair); Trustee Duffy Blackburn; Trustee Joe Blomquist; and Trustee Mia Jazo-Harris.

Others in attendance: Trustee Marsha Byas; Trustee Andy Hirshman; Trustee Matt Hunt; Trustee Maureen Mena; Trustee David Miller; Trustee Fred Peronto; Stan Rupnik, Executive Director & CIO; Sally Antonacci, Sr. Office Manager; Chelsea Duis, Administrative Specialist; Stacy Smith, Director of Internal Audit and Risk; Cynthia Fain, Sr. Legal Counsel; Lori Dour, Acting Chief Benefits Officer; John Boykin, Network Administrator; Greg Turk, Director of Investments; Chris Wiedel, Director of IT; Deron Bertolo, Chief Financial Officer; Andy Jones, Sr. IT Internal Auditor; Emily Peterson, General Counsel; Jamie Stults, Director of Human Resources; Dave Urbanek, Director of Communications; Bob Jiroutek, Sr. Risk Officer; John Gerding, Deputy Director of IT; and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel).

Remote attendees: Trustee Beth Anderson attended remotely but was unable to participate per rules of the Open Meetings Act (5 ILCS 120/7). Other remote attendees included: Christina Baker, Internal Audit Supervisor; Abby Griffith, Investment Accounting Manager; Tim Hays, Sr. Investment Officer – Real Estate; Dakin Sanert, Investment Officer – Real Estate; Jeff Bennett, Director of Operations; Scottie Bevill, Sr. Investment Officer – Global Income Strategies; Jose Gonzalez, Investment Officer – Diverse & Emerging Managers; Shiloah Tubbs, Deferred Compensation Manager; Barbara Davison of Investment Training and Consulting Institute, Inc. (Investment Audit Services); Daragh Watson, Yev Kalinin and Bob Mosier of KPMG (Real Estate Portfolio Audit Services); and Tony Smith and Ian Bray of RVK, Inc. (Investment Consultant).

Visitors: Elston Flowers, IEA, retired

Public Comment

None

Minutes

A draft of the December 8, 2021, minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Trustee Blomquist, seconded by Trustee Blackburn, the minutes were approved by unanimous voice vote. Documentation is on file.

Global Fixed Income Performance Review

Barbara Davison of Investment Training and Consulting Institute, Inc. (ITCI) provided a summary of the limited scope review of Global Fixed Income Performance. Documentation is on file.

Fed Line Assessment

Andy Jones, Senior IT Internal Auditor, presented the FedLine Assessment. Documentation is on file. The new annual assessment is required by the Federal Reserve Banks, in response to the evolving security threat landscape. TRS uses FedLine Web to submit investment allocation information to the Federal Reserve Bank. The assessment reviews TRS's internal controls and security requirements.

Real Estate Separate Accounts Audit

Tim Hays, Sr. Investment Officer, presented the results of the FY2021 real estate separate account portfolio audits that were performed by KPMG in accordance with the U.S. generally accepted auditing standards.

On an annual basis, KPMG audits the financial statements of the real estate portfolios that are owned by TRS and managed by its separate account managers: Barings Real Estate Advisors, Heitman Capital Management, Invesco Real Estate, Lincoln Property Company Realty Advisors, and Principal Real Estate Investors. Documentation is on file. There were no material misstatements, no material weaknesses, and no significant deficiencies identified during the audit. No changes to the TRS separate account policy and procedures or external manager internal controls were recommended or required.

Financial Statement Audit Report

Deron Bertolo, Chief Financial Officer, reported that the Office of the Auditor General released the TRS financial audit for fiscal year ended June 30, 2021. Documentation is on file. The financial audit was conducted by BKD LLP. There were no findings reported under *Government Auditing Standards*. The Comprehensive Annual Financial Report is posted on the TRS website www.trsil.org.

Independence Statement

Independence Statement for TRS's new Internal Auditor, Kendra J. Kornack, was provided. Documentation on file.

Request for Audit Committee input for the FY23-FY24 audit plan

Stacy Smith, Director of Internal Audit and Risk, asked for input from the Trustees for the FY23-FY24 audit plan.

Trustee Concerns

None

ADJOURNMENT

On a motion by Trustee Strand, seconded by Trustee Blomquist, and by unanimous vote, the meeting adjourned at 9:19 AM.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: June 16, 2022