



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES Audit Committee June 16, 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 June 16, 2022, at the Chicago Marriott Naperville, 1801 N. Naper Boulevard, Naperville, IL. Trustee Larry Pfeiffer, Chair, called the meeting to order at 8:32 AM. Roll call attendance was taken with following committee members present: Trustee Larry Pfeiffer via videoconference (Chair); Trustee Duffy Blackburn; Trustee Joe Blomquist; and Trustee Mia Jazo-Harris. Trustee Doug Strand (Vice Chair) attended remotely but was unable to participate per rules of the Open Meetings Act (5 ILCS 120/7). A quorum was present. Trustee Larry Pfeiffer (Chair) requested permission to attend via videoconference in compliance with rules of the Open Meetings Act (5 ILCS 120/7) and asked Trustee Duffy Blackburn to chair the meeting. It was consensus of the committee to let Trustee Pfeiffer attend the meeting via videoconference.

Others in attendance: Trustee Beth Anderson; Trustee Carmen Ayala; Trustee Marsha Byas; Trustee Mike Goetz; 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; Gloria Lasley, Chief Operating Officer; Stacy Smith, Director of Internal Audit and Risk; Emily Peterson, General Counsel; Cynthia Fain, Sr. Legal Counsel; Lori Dour, Chief Benefits Officer; John Boykin, Network Administrator; Eric Coombe, Network Engineer; Greg Turk, Director of Investments; Bob Jiroutek, Sr. Risk Officer; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); and Becky Gratsinger of RVK Inc. (Investment Consultant).

Remote attendees: Deron Bertolo, Chief Financial Officer; Jamie Stults, Director of Human Resources; Dave Urbanek, Director of Communications; Christina Baker, Internal Audit Supervisor; and Jose Gonzalez, Investment Officer – Diverse and Emerging Managers.

Visitors: Mary Rothschild, Annuitant; Cyd Paulsen, Annuitant

Public Comment

None

Minutes

A draft of the February 17, 2022 minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Trustee Blomquist, seconded by Trustee Jazo-Harris, the minutes were approved by unanimous voice vote. Documentation is on file.

Private Equity Audit Report

Stacy Smith, Director of Internal Audit & Risk, provided a summary of the Private Equity Audit Report. Documentation is on file.

Revised Internal Audit Plan for FY2022

Stacy Smith, Director of Internal Audit & Risk, presented the revised audit plan for FY2022. Documentation is on file. Internal Audit staff recommends moving three audits to the FY2023 and FY2024 internal audit plan:

- Employer Services
- Supplemental Savings Plan (SSP)
- Insurance (TRIP enrollment)

A motion was made by Trustee Pfeiffer, seconded by Trustee Blomquist, that the committee recommend to the Board to approve the revised FY2022 audit plan, as presented. Roll call resulted in affirmative voice votes from Trustees Blackburn, Blomquist, Jazo-Harris and Pfeiffer. Motion carried.

Internal Audit Plan for FY2023 & FY2024

Stacy Smith, Director of Internal Audit & Risk, presented the audit plan for FY2023 and FY2024. The committee received the two-year Internal Audit Plan for fiscal years 2023 and 2024, including risk assessment worksheets. Documentation is on file. A motion was made by Trustee Jazo-Harris, seconded by Trustee Blomquist, that the committee recommend to the Board to approve the FY2023 and FY2024 Internal Audit Plan as presented. Roll call resulted in affirmative voice votes from Trustees Blackburn, Blomquist, Jazo Harris and Pfeiffer. Motion carried.

Audit Findings and Observation Status Report

The committee received the Audit Findings & Observations Status Report as of March 31, 2022. The report provides the status of previous audit findings and observations and ensures that TRS management takes the appropriate corrective action. 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. There are nineteen issues at either pending or partially complete status and eight issues at the risk-accepted status. Documentation is on file.

Enterprise Risk Committee Report

Stacy Smith, Director of Internal Audit and Risk, presented the Enterprise Risk Committee Report. The TRS Enterprise Risk Management Committee provides oversight and disciplined thought about current and potential risks facing TRS and provides a summary risk report to the Board twice a year. The June risk report included complete rewrites on two categories and updates on 13 categories since the last report in December 2021. The updated risk assessments include Accounting and Financial Reporting, Budget, Communications, Cybersecurity, Employer Services, Ethics and Fraud Prevention, External

Relations, Gemini Project, Human Resources, Information Technology, Investment Accounting, Open Government, Purchasing and Contracts, Regulatory Compliance and Litigation, and Supplemental Savings Plan. Documentation is on file.

Trustee Concerns

None

ADJOURNMENT

On a motion by Trustee Blomquist, seconded by Trustee Jazo-Harris, and by unanimous voice vote, the meeting adjourned at 8:49 AM.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: August 11, 2022