



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES

Audit Committee

August 11, 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 August 11, 2022 at the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, Springfield, Illinois. Trustee Kevin "Duffy" Blackburn (Chair) called the meeting to order at 12:06 PM. Roll call attendance was taken with the following committee members present: Trustee Kevin "Duffy" Blackburn (Chair), Trustee Larry Pfeiffer (Vice Chair), Trustee Mia Jazo-Harris, and Trustee Doug Strand. Trustee Joe Blomquist was not in attendance. A quorum was present.

Others in attendance: Trustee Beth Anderson; Trustee Carmen Ayala; Trustee Marsha Byas; Trustee Mike Goetz; Trustee Maureen Mena; Trustee David Miller; Trustee Andy Hirshman; Trustee Matt Hunt; Stan Rupnik, Executive Director & CIO; Sally Antonacci, Senior Office Manager; Tiffany Frailey, Administrative Specialist; Deron Bertolo, Chief Financial Officer; Gloria Lasley, Chief Operating Officer; Stacy Smith, Director of Internal Audit and Risk; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Lori Dour, Chief Benefits Officer; Jamie Stults, Director of Human Resources; Dave Urbanek, Director of Communications; Andy Jones, Senior IT Auditor; Christina Baker, Internal Audit Supervisor; Rich Frankenfeld, Director of Outreach; John Boykin, Network Administrator; and Andrew Bodewes of Leinenweber, Baroni & Daffada Consulting LLC (Legislative Consultant).

Remote attendees: Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); Barbara Davison of Investment Training and Consulting Institute, Inc. (Investment Audit Services); and Becky Gratsinger of RVK Inc. (Investment Consultant).

Visitors: Mary Rothschild, IEA, Annuitant; and Nick Yelverton, IFT.

Public Comment

Mary Rothschild, IEA, Annuitant, expressed to the Committee she attends meetings to represent the IEA and let other female IEA members know what is going on with their pensions, laws and investments.

Minutes

A draft of the June 16, 2022 minutes of the Audit Committee meeting was sent to the Committee members for review. On a motion by Trustee Jazo-Harris, seconded by Trustee Pfeiffer, the minutes were approved by unanimous voice vote. Documentation is on file.

Internal Audit Reports

Derivatives & FX

Barbara Davison of Investment Training and Consulting Institute, Inc. provided a summary of the Derivatives & FX internal audit report. Documentation is on file.

IT General Controls

Andy Jones, Senior IT Auditor, provided a summary of the IT General Controls internal audit report. Documentation is on file.

Disability

Christina Baker, Internal Audit Supervisor, provided a summary of the Disability internal audit report. Documentation is on file.

Petty Cash

Christina Baker provided a summary of the Petty Cash internal audit report. Documentation is on file.

FY2022 Audit Completion Report

Stacy Smith, Director of Internal Audit & Risk, presented. The Fiscal Control and Internal Auditing Act (FCIAA) mandates that each year Internal Audit shall submit to the Executive Director a written report detailing how the audit plan for the past year was carried out, the significant findings, management's response to the findings and the extent to which the audit recommendations were implemented. The Committee received the FY2022 Audit Completion Report. Documentation is on file. All mandatory audits scheduled this fiscal year were completed.

Independence of Internal Audit Activity

Stacy Smith presented. 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 each Internal Audit staff member. There are no conflicts of interest that could preclude them from carrying out the fiscal year audit activities.

Internal Audit Charter

Stacy Smith presented. Per Attribute Standard 1000 in the Institute of Internal Audit Standards, the chief audit executive should periodically review the Internal Audit Charter and present it to senior management and the board for approval. Documentation is on file.

A motion was made by Trustee Strand, seconded by Trustee Jazo-Harris, that the committee recommend to the Board to approve the Internal Audit Charter as presented. Roll call resulted in affirmative votes from Trustee Blackburn, Trustee Pfeiffer, Trustee Jazo-Harris, and Trustee Strand. Motion carried.

Internal Audit Standards

Stacy Smith presented. Attribute Standard 1010 in the International Standards for the Professional Practice of Internal Auditing (Standards) 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. Documentation is on file. 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

Quality Assurance and Improvement Program

Stacy Smith presented. 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 2022 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.

Trustee Concerns

None

Adjournment

On a motion by Trustee Strand, seconded by Trustee Pfeiffer, and by unanimous voice vote, the meeting adjourned at 1:09 PM.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: October 21, 2022