



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

R. Stanley Rupnik, Executive Director & Chief Investment Officer

<http://www.trsil.org>

877-927-5877 (877-9-ASK-TRS)

MINUTES Audit Committee June 8, 2023

A meeting of the Audit Committee of the Board of Trustees of the Teachers' Retirement System of the State of Illinois (TRS) was held on June 8, 2023 at NIU Naperville, 1120 E. Diehl Rd., Naperville, IL. Trustee Duffy Blackburn (Chair) called the meeting to order at 3:02 PM. Roll call attendance was taken with the following Committee members present: Trustee Kevin "Duffy" Blackburn (Chair), Trustee Joe Blomquist, Trustee Mia Jazo-Harris, and Trustee Larry Pfeiffer (Vice Chair). Trustee Doug Strand was not in attendance. A quorum was present.

Others in attendance: Trustee Beth Anderson; Trustee Marsha Byas; Trustee Mike Goetz; Trustee Andy Hirshman; Trustee Matt Hunt; Trustee Maureen Mena; Trustee Fred Peronto; Trustee Tony Sanders; Stan Rupnik, Executive Director & Chief Investment Officer; Sally Antonacci, Executive Officer; Chelsea Duis, Executive Administrator; Deron Bertolo, Chief Financial Officer; Gloria Lasley, Chief Operating Officer; Emily Peterson, General Counsel; Cynthia Fain, Senior Legal Counsel; Michelle Kissel, Director of Human Resources; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); and Bob Mosier of KPMG (External Auditor).

Remote attendees: Stacy Smith, Director of Internal Audit and Risk; Lori Dour, Chief Benefits Officer; Dave Urbanek, Director of Communications; John Gerding, Director of Information Technology; Dakin Sanert, Investment Officer – Real Estate; Michael Rennolds, Investment Analyst – Real Assets; Andy Jones, Senior IT Internal Auditor; Christina Baker, Internal Audit Supervisor; and Kendra Kornack, Senior Internal Auditor.

Visitors: Diane Chapman of IEA.

Public Comment

None

Minutes

A draft of the February 9, 2023 minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Trustee Blomquist, seconded by Trustee Pfeiffer, the minutes were approved by unanimous voice vote. Documentation is on file.

KPMG Real Estate Separate Account Audit

Dakin Sanert, Investment Officer – Real Estate, and Bob Mosier of KPMG (External Auditor) presented the KPMG Real Estate Separate Account Audit. Documentation is on file.

Internal Audit Reports

Privacy Audit

Andy Jones, Senior IT Internal Auditor, provided a summary of the Privacy Audit report. Documentation is on file.

Expenditures & Contracts Audit

Kendra Kornack, Senior Internal Auditor, provided a summary of the Expenditures & Contracts Audit report. Documentation is on file.

Revised Audit Plan for FY 2023

Stacy Smith, Director of Internal Audit and Risk, presented the revised audit plan for FY 2023. Documentation is on file. Internal Audit staff recommends moving two audits to the FY 2024 internal audit plan:

- VPN Security
- Global Equities

Staff moved Expenditures & Contracts Audit from FY 2024 to FY2023.

A motion was made by Trustee Jazo-Harris, seconded by Trustee Blomquist, that the committee recommend to the Board to approve the revised FY 2023 Audit Plan, as presented. Roll call resulted in affirmative voice votes from Trustees Blackburn, Blomquist, Jazo-Harris, and Pfeiffer.

Internal Audit Plan for FY 2024 & FY 2025

Stacy Smith presented the audit plan for FY 2024 and FY 2025. The committee received the two-year Internal Audit Plan for fiscal years 2024 and 2025, including risk assessment worksheets. Documentation is on file.

A motion was made by Trustee Pfeiffer, seconded by Trustee Jazo-Harris, that the committee recommend to the Board to approve the FY 2024 and FY 2025 Internal Audit Plan as presented. Roll call resulted in affirmative voice votes from Trustees Blackburn, Blomquist, Jazo-Harris, and Pfeiffer.

Audit Findings and Observation Status Report

Stacy Smith and Andy Jones presented the Audit Findings & Observations Status Report as of March 31, 2023. The report provides the status of previous audit findings and observations and recommends 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. Documentation is on file.

Enterprise Risk Committee Report

Stacy Smith 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 updates on 16 categories since the last report in December 2022. 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, Pension Politics & Funding, Purchasing and Contracts, Regulatory Compliance and Litigation, and Supplemental Savings Plan. Documentation is on file.

Trustee Concerns

None

Adjournment

On a motion by Trustee Jazo-Harris, seconded by Trustee Pfeiffer, and by unanimous voice vote, the meeting adjourned at 3:27 PM.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 08/14/2023