



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

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### **MINUTES**

#### **Audit Committee**

**August 14, 2023**

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 14, 2023 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 4:23 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 Mike Goetz; Trustee Andy Hirshman; Trustee Matt Hunt; Trustee Maureen Mena; Trustee David Miller; Trustee Fred Peronto; Trustee Tony Sanders (arrived at 4:31 PM); Stan Rupnik, Executive Director & CIO; Sally Antonacci, Executive Officer; Chelsea Duis, Executive Administrator; 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; Michelle Kissel, Director of Human Resources; Christina Baker, Internal Audit Manager; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel).

Remote attendees: Barbara Davison of Investment Training and Consulting Institute, Inc. (Investment Audit Services).

Visitors: None

#### Public Comment

None

#### Executive Session

A motion was made by Trustee Pfeiffer, seconded by Trustee Strand, that the Committee enter into executive session to discuss matters as authorized and permitted under the following exceptions set forth by the Open Meetings Act: meetings between internal or external auditors and governmental audit committees when discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards [5 ILCS 120/2(c)(29)]; and security procedures and the use of personnel and equipment to respond to an actual, threatened, or reasonably potential danger to the safety of employees, staff and the public, or public property [5 ILCS120/2(c)(8)].

Roll call resulted in affirmative voice votes from Trustees Blackburn, Jazo-Harris, Pfeiffer, and Strand.

The public meeting closed at 4:25 PM.

No action was taken during executive session.

The public meeting reconvened at 5:38 PM. Roll call attendance was taken with the following trustees present: Trustees Blackburn, Jazo-Harris, Pfeiffer, and Strand. Trustee Blomquist was not present.

### Minutes

A draft of the June 8, 2023 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.

### FY2023 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 FY2023 Audit Completion Report. All mandatory audits scheduled for this fiscal year were completed. Documentation is on file.

### Independence of Internal Audit Activity

Stacy Smith presented. In accordance with auditing best practices and standards, the chief audit executive confirms 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. It was confirmed there are no conflicts of interest that could preclude them from carrying out the fiscal year audit activities.

### Internal Audit Charter

Stacy Smith presented. In accordance with auditing best practices and 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 Jazo-Harris, seconded by Trustee Strand, that the committee recommend to the Board to approve the Internal Audit Charter as presented. Motion carried by unanimous voice vote.

### Internal Audit Standards

Stacy Smith presented. In accordance with auditing best practices and standards, 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. In accordance with auditing best practices and standards, 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 FY2023 quality assurance and improvement program checklist. Documentation is on file.

#### Audit Committee Charter

Fiduciary counsel Jessica Culotti of Reinhart Boerner Van Deuren presented proposed revisions to the Audit Committee Charter. The committee charter requires committee approval of revisions to the charter. Documentation is on file.

A motion was made by Trustee Pfeiffer, seconded by Trustee Strand, that the committee recommend to the Board to approve the proposed revisions to the Audit Committee Charter of the Board Manual. Motion carried by unanimous voice vote.

#### Trustee Concerns

None

#### Adjournment

On a motion by Trustee Jazo-Harris, seconded by Trustee Strand, and by unanimous voice vote, the meeting adjourned at 5:45 PM.



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Stan Rupnik, Executive Director & Chief Investment Officer

Approved: October 27, 2023