



TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

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MINUTES

Audit Committee

June 17, 2024

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 17, 2024, at NIU Naperville, 1120 E. Diehl Rd., Naperville, IL. Trustee Larry Pfeiffer (Vice Chair) called the meeting to order at 11:12 AM. Roll call attendance was taken with the following Committee members present: Trustee Joe Blomquist, Trustee Mia Jazo-Harris, and Trustee Larry Pfeiffer. Trustee Kevin "Duffy" Blackburn (Chair) and Trustee Doug Strand were 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 David Miller; 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; Stacy Smith, Director of Internal Audit and Risk; Michelle Kissel, Director of Human Resources; John Gerding, Director of Information Technology; Janelle Gurnsey, Director of Public Relations; Bob Jiroutek, Director of Risk and Investment Operations; Kathleen Killion, Director of Finance; Kyle Thornton, Network Administrator; Will Daugherty, Senior Technical Support Specialist; and Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel).

Remote attendees: Andy Jones, Senior IT Internal Auditor; Christina Baker, Internal Audit Manager; and Kendra Kornack, Senior Internal Auditor.

Visitors: Elston Flowers, IEA-Retired.

Public Comment

None

Minutes

A draft of the February 22, 2024, 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.

Executive Session Minutes

A draft of the February 22, 2024, executive session 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.

Executive Session

A motion was made by Trustee Jazo-Harris, seconded by Trustee Blomquist, 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)].

Roll call resulted in affirmative voice votes from Trustees Blomquist, Jazo-Harris, and Pfeiffer. Motion carried.

The public meeting closed at 11:14 AM.

No action was taken during executive session.

The public meeting reconvened at 11:27 AM. Roll call attendance was taken with the following Committee members present: Blomquist, Jazo-Harris, and Pfeiffer.

Internal Audit Reports

Public Equity Audit

Kendra Kornack, Senior Internal Auditor, provided a summary of the Public Equity report. Documentation is on file.

Petty Cash Audit

Kendra Kornack provided a summary of the Petty Cash Audit report. Documentation is on file.

Revised Audit Plan for FY 2024

Stacy Smith, Director of Internal Audit and Risk, presented the revised audit plan for FY 2024. Documentation is on file. Internal Audit staff recommends moving two audits to the FY 2025/2026 internal audit plan:

- Diversifying Strategies
- Securities Lending

Staff moved the Global Income Audit from FY 2025 to FY2024.

A motion was made by Trustee Jazo-Harris, seconded by Trustee Blomquist, that the committee recommend to the Board to approve the revised FY 2024 Audit Plan, as presented. Motion carried by unanimous voice vote.

Internal Audit Plan for FY 2025 & FY 2026

Stacy Smith presented the audit plan for FY 2025 and FY 2026. The committee received the two-year Internal Audit Plan for fiscal years 2025 and 2026, including risk assessment worksheets. Documentation is on file.

A motion was made by Trustee Blomquist, seconded by Trustee Jazo-Harris, that the committee recommend to the Board to approve the FY 2025 and FY 2026 Internal Audit Plan as presented. Motion carried by unanimous voice vote.

Enterprise Risk Committee Report

Stan Rupnik, Executive Director & Chief Investment Officer, introduced Kathleen Killion as the new Director of Finance.

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 15 categories since the last report in December 2023. The updated risk assessments include Accounting and Financial Reporting, Budget, Communications, Cybersecurity, 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 Blomquist, seconded by Trustee Jazo-Harris, and by unanimous voice vote, the meeting adjourned at 11:40 AM.



Stan Rupnik, Executive Director & Chief Investment Officer

Approved: 08/16/2024