



## **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**

**August 16, 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 August 16, 2024, at the TRS office, 2815 West Washington Street, Springfield, Illinois. Trustee Larry Pfeiffer (Vice Chair) called the meeting to order at 9:00 AM. Roll call attendance was taken with the following committee members present: Trustee Mia Jazo-Harris, Trustee Larry Pfeiffer (Vice Chair), and Trustee Doug Strand. Trustee Joe Blomquist was not in attendance. A quorum was present.

Others in attendance: Trustee Marsha Byas; Trustee Mike Goetz; Trustee Andy Hirshman; Trustee Matt Hunt; Trustee Maureen Mena (arrived at 9:02 AM); Trustee David Miller (arrived at 9:05 AM); Trustee Fred Peronto; Trustee Tony Sanders; 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; Janelle Gurnsey, Director of Public Relations; Lori Dour, Chief Benefits Officer; Michelle Kissel, Director of Human Resources; John Gerding, Director of Information Technology; Kyle Thornton, Network Administrator; Rick Creasey, Senior Technical Support Specialist; Christina Baker, Internal Audit Manager; Kendra Kornack, Senior Internal Auditor; Andy Jones, Senior IT Internal Auditor; Ghiané Jones, Deputy Chief Investment Officer; Bob Jiroutek, Director of Risk and Investment Operations; Dakin Sanert, Senior Investment Officer – Real Estate; Michael Rennolds, Senior Investment Analyst – Real Estate; Kathleen Killion, Director of Finance; Jessica Culotti of Reinhart Boerner Van Deuren (Fiduciary Counsel); and Bob Mosier of KPMG (External Auditor).

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

Visitors: Elston Flowers – IEA Retired

#### Public Comment

None

#### Minutes

A draft of the June 17, 2024, minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Trustee Jazo-Harris, seconded by Trustee Strand, the minutes were approved by unanimous voice vote. Documentation is on file.

A draft of the June 17, 2024, executive session minutes of the Audit Committee meeting was sent to the committee members for review. On a motion by Trustee Strand, seconded by Trustee Jazo-Harris, the minutes were approved by unanimous voice vote. Documentation is on file.

### Real Estate Audit Report

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

### Executive Session

A motion was made by Trustee Jazo-Harris, seconded by Trustee Strand, that the Committee enter into executive session to discuss matters as authorized and permitted under the following exception 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 Jazo-Harris, Pfeiffer, and Strand.

The public meeting closed at 9:17 AM.

No action was taken during executive session.

The public meeting reconvened at 9:49 AM. Roll call attendance was taken with the following trustees present: Trustees Jazo-Harris, Pfeiffer, and Strand. Trustee Blomquist was not present.

### Internal Audit Reports

#### *Information Security Management*

Andy Jones, Senior IT Internal Auditor, provided a summary of the Information Security Management internal audit report. Documentation is on file.

#### *Retirement Claims*

Christina Baker, Internal Audit Manager, provided a summary of the Retirement Claims internal audit report. Documentation is on file.

### Independence of Internal Audit Activity

Stacy Smith, Director of Internal Audit & Risk, 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 & Policy

Stacy Smith presented a redline version of the Internal Audit Charter & Policy. 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 Strand, seconded by Trustee Jazo-Harris, that the committee recommend to the Board to approve the Internal Audit Charter & Policy 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 FY2024 quality assurance and improvement program checklist. Documentation is on file.

#### Trustee Concerns

None

#### Adjournment

On a motion by Trustee Jazo-Harris, seconded by Trustee Strand, and by unanimous voice vote, the meeting adjourned at 10:02 AM.



---

Stan Rupnik, Executive Director & Chief Investment Officer