



Teachers' Retirement System of the State of Illinois

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Richard W. Ingram, Executive Director

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MINUTES Audit Committee May 28, 2014

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on May 28, 2014 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Mark Bailey made a motion to nominate Marcia Campbell to serve as Chair Pro Tem for the meeting. Motion was seconded by Cynthia O'Neill and passed. Trustee Campbell called the meeting to order at 2:00 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Marcia Campbell, Mark Bailey, and Cynthia O'Neill. Absent: Bob Lyons, Chair and Enrique Vasquez, Vice Chair.

Trustees present: Mike Busby, Cinda Klickna, Sharon Leggett, and Sonia Walwyn.

Others present: Dick Ingram, Executive Director; Deron Bertolo, Director of Investment Operations; Tom Gray, General Counsel; Cynthia Fain, Senior Assistant General Counsel; Jana Bergschneider, Director of Administration; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Dave Urbanek, Director of Communications; Tammy Green, Assistant to the Executive Director; Sue Billington, Executive Assistant; and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Don Davis, IRTA Rep.; Dennis Murfin, IRTA Rep.; Shirley Dodds, IRTA Rep.; and Gayla Dial, IEA-R.

EXECUTIVE SESSION

A motion was made by Mark Bailey, seconded by Cynthia O'Neill, that the Audit Committee enter into executive session for the purpose of discussing internal control weaknesses as permitted under the following exception set forth in the Open Meetings Act which authorizes the closing of the meeting to the public:

5 ILCS 120/2(c)(28). Roll call resulted in affirmative voice votes from Trustees Campbell, O'Neill, and Bailey. Motion Carried.

No action was taken during executive session. A motion was made by Mark Bailey, seconded by Cynthia O'Neill, that the Audit Committee come out of executive session. Roll call resulted in affirmative voice votes from Trustees Campbell, O'Neill, and Bailey. Motion Carried.

Minutes

Drafts of the February 19, 2014 regular Audit Committee meeting and executive session minutes were sent to the committee members for review. On a motion by Cynthia O'Neill, seconded by Mark Bailey, the minutes were approved as printed.

Internal Audit Reports

Christina Baker, Internal Auditor, provided a summary of the GAAP and Financial Statement Process audit report. The controls related to the GAAP and financial statement process objectives are adequate. Documentation is on file.

FY 15/FY 16 Internal Audit Plan

The committee received copies of the two-year internal audit plan for fiscal years 2015 and 2016 including the risk assessment worksheets. Documentation is on file. A motion was made by Cynthia O'Neill, seconded by Mark Bailey, that the committee recommend to the Board to approve the FY 15/FY 16 Internal Audit Plan with risk assessment worksheet, as presented. The motion passed by a unanimous voice vote.

FY 13 FCIAA Summary of Responses (Internal Control Evaluation)

The Fiscal Control and Internal Auditing Act requires that staff prepare and transmit to the Auditor General by May 1 of each year a certification that the system of internal controls of TRS fully complies with the requirements of the Act. A summary of the responses from fiscal year 2014 FCIAA internal control evaluation process is on file.

Internal Audit Standards

Attribute Standard 1010 in the International Standards for the Professional Practice of Internal Auditing states that the chief audit executive should discuss the Definition of Internal Auditing, the Code of Ethics, and the *Standards* with senior management and the Board. Stacy Smith, Director of Internal Audit, provided a brief overview of the items provided to the committee. Documentation is on file.

Internal Audit Charter Revisions

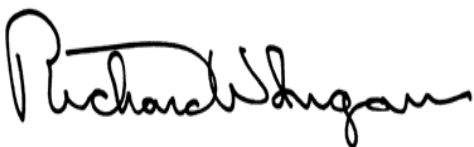
Attribute Standard 1000 in the International Standards for the Professional Practice of Internal Auditing states that the chief audit executive should periodically review the Internal Audit Charter and present it to senior management and the Board. Documentation is on file. Internal Audit staff has reviewed the Charter and no changes were recommended at this time.

Audit Findings & Observations Status Report

Stacy Smith reported on the Audit Findings & Observations Status Report as of March 31, 2014, containing items that are still pending, issues that have been resolved, and new reportable items. Issues where the risk has been accepted by the responsible department are noted on a separate report titled Audit Findings & Observations With Risk Accepted Status. Documentation is on file.

ADJOURNMENT

On a motion by Mark Bailey, seconded by Cynthia O'Neill, and by unanimous vote, the meeting adjourned at 2:27 p.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, with the first name "Richard" being more prominent and the last name "Ingram" following in a similar style.

Richard W. Ingram, Executive Director

Approved: 8/25/14