



**MINUTES**  
**Audit Committee**  
**June 21, 2017**

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on June 21, 2017 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Chair, called the meeting to order at 12:20 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Bob Lyons (Chair), Mark Bailey (Vice Chair), Ann Deters, Andy Hirshman, and Randy Winters.

Trustees present: Matt Hower, Cinda Klickna, and Tony Smith.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Marcy Dutton, Chief Legal Counsel; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Sr. Internal Auditor; Kathleen Farney, Director of Research; Deron Bertolo, Director of Investment Accounting; Dave Urbanek, Director of Communications; Jana Bergschneider, Chief Financial Officer; Carlton Lenoir, Chief Benefits Officer; Tom Smith, Chief Technology Officer; Sue Billington, Executive Assistant; Tammy Green, Executive Assistant; and John Wolters, Cavanagh & O'Hara (Fiduciary Counsel).

Visitors present: Carla Womack, IEA-R and Don Davis, IRTA.

Minutes

A draft of the February 16, 2017 audit committee minutes was sent to the committee members for review. On a motion by Andy Hirshman, seconded Randy Winters, the minutes were approved as printed.

Internal Audit Report

Christina Baker, Sr. Internal Auditor, provided a summary of the disability audit. Documentation is on file. The absolute return audit will be presented at the August meeting.

### FY 17 Revised Internal Audit Plan

Staff presented a revised FY 17 internal audit plan to reflect the following changes:

- Global Equities audit was removed and will be included in FY 18.
- GAAP & Financial Statement Process Review was removed since the Financial Reporting Standards Board is no longer functioning to accept and review reports.
- Additional time was added to the Absolute Return audit.

Documentation is on file. A motion was made by Ann Deters, seconded by Andy Hirshman, that the committee recommend to the Board to approve the revised FY 17 audit plan as presented. The motion passed by a unanimous voice vote.

### FY 18/FY 19 Internal Audit Plan

The committee received copies of the two-year internal audit plan for fiscal years 2018 and 2019 including the risk assessment worksheets. Documentation is on file. A motion was made by Andy Hirshman, seconded by Mark Bailey, that the committee recommend to the Board to approve the FY 18/FY 19 Internal Audit Plan as presented. The motion passed by a unanimous voice vote.

### FY 17 FCIAA Summary of Responses (Internal Control Evaluation)

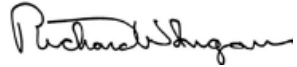
The Fiscal Control and Internal Auditing Act requires that staff prepare and transmit to the Auditor General by May 1 of each year a certification that the system of internal controls of TRS fully complies with the requirements of the Act. A summary of the responses from fiscal year 2017 FCIAA internal control evaluation process is on file.

### Audit Findings & Observations Status Report

Stacy Smith provided a summary of the Audit Findings & Observations Status Report as of March 31, 2017. 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.

## **ADJOURNMENT**

On a motion by Bob Lyons, seconded by Ann Deters, and by unanimous vote, the meeting adjourned at 12:30 p.m.



Richard W. Ingram, Executive Director

Approved: 8/22/17