



Teachers' Retirement System of the State of Illinois

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MINUTES Audit Committee August 4, 2010

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on August 4, 2010 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Janice Reedus, Chair, called the meeting to order at 1:20 p.m. A quorum was present.

Roll Call attendance was taken with the following committee members present: Janice Reedus (Chair), Sonia Walwyn (Vice Chair), Marcia Boone, Jan Cleveland, and Cinda Klickna. Other trustees present: Mike Busby, Sharon Leggett, Bob Lyons, Sid Marder, Cynthia O'Neill, and Molly Phalen.

Others present: Stan Rupnik, Acting Exec. Director/CIO; Greg Turk, Director of Investments; Scottie Bevill, Sr. Investment Officer; Tom Gray, General Counsel; Cynthia Fain, Sr. Asst. General Counsel; Stacy Smith, Director of Internal Audit; Melissa Oller, Internal Auditor; Sally Sherman, Director of Member Services; Kathleen Farney, Director of Research; Rich Frankenfeld, Director of Outreach; Tassi Maton, Director of Investment Operations; Gina Larkin, Director of Human Resources; Jana Bergschneider, Director of Administration; Dave Urbanek, Public Information Officer; Sue Billington, Executive Assistant; Tammy Green, Asst. to Executive Director; Andrew Bodewes (Legislative Consultant); Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel); and Becky Gratsinger and Marcia Beard, RV Kuhns (Investment Consultant).

Visitors present: Don Davis, IRTA Rep.; Shirley Dodds, IRTA Rep.; and Jack Tucker, IEA-R.

Minutes

A draft of the minutes from the May 19, 2010 Audit Committee was sent to the committee members for review. On a motion by Cinda Klickna, seconded by Jan Cleveland, and by unanimous voice vote, the minutes were approved as printed.

Internal Audit Reports

Stacy Smith, Director of Internal Audit, and Melissa Oller, Internal Auditor, provided summaries of the Real Return and Absolute Return, Retirement Claims, and Budgeting, Accounting, and Reporting audits. Documentation is on file.

Audit Completion Report

The committee received the Audit Completion Report that summarizes all audits completed during fiscal year 2010 noting significant findings and the extent to which the audit recommendations were implemented. The report is required by the Fiscal Control and Internal Auditing Act and compares the fiscal year 2010 audit plan to actual audits completed during the year. All mandatory audits scheduled this fiscal year were completed. Documentation is on file.

Revised Internal Audit Charter

Staff modified the Internal Audit Charter to reflect the five year term appointment of a chief internal auditor according to the Fiscal Control and Internal Auditing Act. The charter also was updated to provide clarifications on the internal and external quality reviews. Documentation is on file. A motion was made by Sonia Walwyn, seconded by Jan Cleveland, that the committee recommend to the Board to approve the revised Internal Audit Charter. The motion passed by a unanimous voice vote.

Independence of Internal Audit Activity

Attribute Standard 1110 from the International Standards for the Professional Practice of Internal Auditing states that the chief audit executive must annually confirm to the board 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. There are no potential conflicts of interest that could preclude them from carrying out FY 2011 audit activities.

Quality Assurance and Improvement Program

Attribute Standard 1320 states that 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 2010 quality assurance and improvement program checklist. Documentation is on file.

ADJOURNMENT

On a motion by Cinda Klickna, seconded by Marcia Boone, and by unanimous vote, the meeting adjourned at 1:50 p.m.

Stan Rupnik, Acting Executive Director

Approved _____