



## Teachers' Retirement System of the State of Illinois

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Richard W. Ingram, Executive Director

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### **MINUTES Audit Committee August 14, 2013**

A meeting of the Audit Committee of the Board of Trustees of the Illinois Teachers' Retirement System was held on August 14, 2013 at the Springfield office of the Illinois Teachers' Retirement System, 2815 West Washington Street. Bob Lyons, Vice Chair, called the meeting to order at 1:05 p.m. A quorum was present.

Roll call attendance was taken with the following committee members present: Bob Lyons (Vice Chair), Marcia Campbell, Cynthia O'Neill, and Enrique Vasquez (via telephone). Trustees Present: Mark Bailey, Rainy Kaplan, Cinda Klickna, and Sharon Leggett. Trustee Campbell moved that Trustee Vasquez, who was unable to attend the meeting of the Audit Committee due to family illness, be allowed to participate by telephone. The motion was seconded by Trustee O'Neill and passed by a unanimous voice vote.

Others present: Dick Ingram, Executive Director; Stan Rupnik, Chief Investment Officer; Deron Bertolo, Director of Investment Operations; Tom Gray, General Counsel; Jana Bergschneider, Director of Administration; Stacy Smith, Director of Internal Audit; Tassi Maton, Sr. Internal Auditor; Christina Baker, Internal Auditor; Tammy Green, Assistant to the Executive Director; and Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel),

Visitors present: Jane Russell, IFT; Barb Gilhaus, IEA-R; Shirley Dodds, IRTA Rep.; Bob Kaplan, IRTA-IEA; Don Davis, IRTA Rep. and Dennis Murfin, IRTA Rep.

#### Audit Committee Chair

Due to the resignation of Trustee Janice Reedus, a vacancy exists for Chair of the Audit Committee. A motion was made by Cynthia O'Neill, seconded by Marcia Campbell, that the committee recommend to the Board to elect Bob Lyons as Chair

of the Audit Committee and Enrique Vasquez as Vice Chair of the Audit Committee. The motion passed by a unanimous voice vote.

### Minutes

A draft of the June 20, 2013 Audit Committee minutes was sent to the committee members for review. On a motion by Cynthia O’Neill, seconded by Bob Lyons, and by unanimous voice vote, the minutes were approved as printed.

### **EXECUTIVE SESSION**

A motion was made by Marcia Campbell, 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, Lyons, O’Neill, and Vasquez. Motion CARRIED.

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

### 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 confirm 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. There are no potential conflicts of interest that could preclude them from carrying out the fiscal year audit activities.

### Quality Assurance and Improvement Program

Attribute Standard 1320 from the International Standards for the Professional Practice of Internal Auditing 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 FY 2013 quality assurance and improvement program checklist. Documentation is on file.

### Audit Completion Report

The committee received the FY 2013 Audit Completion Report which is required by the Fiscal Control and Internal Auditing Act. The report compares the FY 2013 audit plan to actual audits completed during the year. All mandatory audits scheduled this fiscal year were completed. Documentation is on file.

### **ADJOURNMENT**

On a motion by Cynthia O’Neill, seconded by Marcia Campbell, and by unanimous vote, the meeting adjourned at 1:32 p.m.

A handwritten signature in black ink, appearing to read "Richard W. Ingram". The signature is fluid and cursive, with a large initial "R" and "I".

Richard W. Ingram, Executive Director

Approved 10/23/13