



## MINUTES

**Meeting of the Audit & Risk Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Thursday, September 9, 2021, 9:00 a.m.  
State Universities Retirement System  
Via remote access only due to ongoing COVID-19 concerns**

The meetings on Sept. 9 and 10, 2021, were conducted via video conference pursuant to Public Act 101-0640, the Governor's Disaster proclamation dated Aug. 20, 2021, and Section 7(e) of the Open Meetings Act. The Chair of the SURS Board of Trustees John Atkinson determined that a full, in-person meeting was not practical nor prudent due to ongoing Covid-19 disaster concerns.

The following trustees were present: Mr. John Atkinson; Mr. Andriy Bodnaruk, Mr. Richard Figueroa, Ms. Jamie Claire Flaherty; Mr. Scott Hendrie; Mr. John Lyons; Dr. Steven Rock, Mr. Collin Van Meter, Mr. Mitchell Vogel and Mr. Scott Weisbenner.

Others present: Ms. Suzanne Mayer, Interim Executive Director and Interim Secretary; Ms. Tara Myers, Chief Financial Officer; Ms. Bianca Green, General Counsel; Mr. Doug Wesley, Chief Investment Officer (CIO); Ms. Ellen Hung, Deputy CIO; Mr. Joe Duncan and Mr. Shane Willoughby, Sr. Investment Officers; Mr. Brian DeLoriae, Investment Officer; Ms. Kelly Valle and Mr. Akshay Patel, Investment Analysts; Ms. Tracy Bennett, Compliance Analyst; Ms. Heather Kimmons, Associate General Counsel; Ms. Anna Dempsey, Investment Counsel; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Jackie Hohn, Chief Internal Auditor; Ms. Brenda Dunn, Chief Human Resources Officer; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; Mr. Michael Calabrese of Foley; Mr. Michael Del Giudice of Crowe; and Mike Krems of Aksia.

Audit & Risk Committee roll call attendance was taken: Trustee Giertz, absent; Trustee Hendrie, present; Trustee Rock, present

Trustee Rock filled in as chair of the meeting in Trustee Fred Giertz's absence and Trustee Atkinson joined the committee for quorum purposes.

Trustee Giertz joined the meeting at 9:26 a.m.

## APPROVAL OF MINUTES

Trustee Rock presented the minutes from the Audit & Risk Committee meeting of June 4, 2021.

Trustee Hendrie made the following motion:

- That the minutes from the June 4, 2021 Audit & Risk Committee meeting be approved as presented.

Trustee Atkinson seconded the motion which passed via the following roll call vote.

Trustee Giertz	-	absent
Trustee Hendrie	-	aye
Trustee Rock	-	aye
Trustee Atkinson	-	aye

### **CHAIRPERSON'S REPORT**

Trustee Rock did not have a formal chairperson's report.

### **INTERNAL AUDIT**

#### **Travel & Administrative Expense Audit**

Results from the Travel and Administrative Expense Audit were presented by Ms. Jackie Hohn for the examination period March 1, 2020 – June 1, 2021. She reported that although there were a few audit findings for the period under review, the Internal Audit department formed the opinion that the approval, payment and purchasing functions associated with the travel and administrative expenses conformed to the Higher Education Travel Control Board travel regulations, SURS travel and purchasing policies and rules of the state of Illinois.

#### **Accounting Software Conversion Audit**

Ms. Jackie Hohn presented the results from the Accounting Software Conversion Audit. She noted that SURS switched the accounting systems from Sage Timberline to Hutchinson and Bloodgood LLP. Internal Audit concluded that the conversion reasonably complied with applicable laws, rules, regulations, contractual agreements, and policy. She reported one finding and shared Internal Audit's recommendations.

#### **MSL Audit**

Ms. Jackie Hohn reported that the Member Subsidiary Ledger (MSL) audit examined the retirement plan elections received and processed between March 1, 2019, and February 28, 2021, which included the MSL interest (Traditional and Portable Plans), plan election (all plans), and service agent processing (Retirement Savings Plan). The objective of the audit was to determine that the procedures for each of the plans conformed to the laws as prescribed in the Illinois Pension Code and the rules of the system. Internal Audit happily reported that there were no problems discovered during the audit.

#### **Quality Control Assessment**

Ms. Jackie Hohn discussed the self-assessment quality assurance report. This audit evaluates the Internal Audit Department's compliance with The International Standards for the Professional

Practice of Internal Auditing and Code of Ethics mandated by the Institute of Internal Auditors and the requirements of the Fiscal Control and Internal Auditing Act (FCIAA) of the state of Illinois (30 ILCS 10). Ms. Hohn concluded that based on the opinion of Internal Audit, SURS internal audit activity conforms and complies with the FCIAA law.

### **Approval of Internal Audit Plan FY 2022 and 2023**

Ms. Jackie Hohn explained that the Internal Audit Plan was reviewed and approved by the interim executive director prior to June 30, 2021. The audit plan consists of SURS mandatory audits along with an additional actuarial audit. She briefly explained each of the audits planned for FY 2022 and FY2023.

Trustee Hendrie made the following motion:

- That the Internal Audit Plan for FY 2022 and 2023 be approved as presented.

Trustee Atkinson seconded the motion which passed via the following roll call vote:

Trustee Giertz	-	absent
Trustee Hendrie	-	aye
Trustee Rock	-	aye
Trustee Atkinson	-	aye

### **Office of Auditor General**

Ms. Jackie Hohn briefly explained key points regarding census data testing. She discussed the previous census audits completed by Sikich and informed the board that the census data has become an area of concentration for the Office of the Auditor General. SURS will be working with all sixty employers to do a reconciliation of the data that is currently in our system to make sure it agrees with the supporting documents SURS currently has in the system records

### **Information Systems Security Update**

#### **IT Security Update**

Mr. Jefferey Saiger introduced his IT security memo which highlights some security updates based upon recently completed and upcoming planned items. Mr. Saiger explained each of these updates in greater detail which included changes to improve security for physical files, cloud-based management systems, data classification and protection, security program review and more frequent security testing and training.

### **CLOSED SESSION**

Trustee Hendrie moved that the Audit & Risk Committee go into closed session pursuant to §2(c)(8) of the Illinois Open Meetings Act to consider the sale or purchase of securities or investment or to consider an investment contract. Trustee Giertz seconded, and the motion passed via the following roll call vote:

Trustee Giertz - aye  
Trustee Hendrie - aye  
Trustee Rock - aye

**RETURN TO OPEN SESSION**

Trustees resumed open session at 11:00 a.m.

**INFORMATION ITEMS NOT REQUIRING COMMITTEE ACTION**

Ms. Jackie Hohn reviewed the FCIAA Audit Plan Completion Summary for FY 2021, the Internal Audit Independence Confirmation, and the employee Death Match. She briefly provided an update on each topic and concluded by opening the floor for questions.

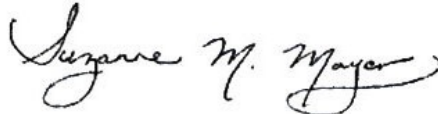
**PUBLIC COMMENT**

There were no public comments presented to the Audit & Risk Committee.

There was no further business brought before the committee and Trustee Rock moved that the meeting be adjourned. The motion was seconded by Trustee Hendrie and the motion passed via the following roll call vote:

Trustee Giertz - aye  
Trustee Hendrie - aye  
Trustee Rock - aye

Respectfully submitted,



Ms. Suzanne M. Mayer  
Interim Secretary, Board of Trustees

SMM:cm