



## **MINUTES**

**Quarterly Meeting of the Audit & Risk Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Friday, March 10, 2023, 9:00 a.m.  
State Universities Retirement System  
Via remote access only due to ongoing COVID-19 concerns**

The meeting on March 10, 2023, was conducted via video conference pursuant to the Governor's COVID-19 Executive Order dated March 3, 2023, and subsection (e) of Section 7 of the Illinois Open Meetings Act. Chair John Atkinson of the SURS Board of Trustees determined that a full, in-person meeting was neither practical nor prudent due to the ongoing COVID-19 disaster concerns.

The following trustees were present: Mr. John Atkinson, Dr. Andriy Bodnaruk, Mr. Richard Figueroa, Ms. Jamie-Clare Flaherty, Dr. Fred Giertz, Mr. Scott Hendrie, Dr. Steven Rock, Mr. Collin Van Meter, Mr. Antonio Vasquez and Mr. Mitch Vogel.

Others present: Ms. Suzanne Mayer, Executive Director; Mr. Douglas Wesley, Chief Investment Officer (CIO); Ms. Ellen Hung, Deputy CIO; Ms. Jackie Hohn, Chief Internal Auditor; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Nichole Hemming, Chief Human Resources Officer; Ms. Bianca Green, General Counsel; Ms. Kristen Houch, Director of Legislative and Stakeholder Relations; Ms. Alicia Route, Legislative Analyst; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; and Mr. Michael Calabrese of Foley.

Audit & Risk Committee roll call attendance was taken. Trustee Bodnaruk, present; Trustee Giertz, present; Trustee Hendrie, present; and Trustee Rock, present.

Trustee Lyons joined the meeting at 9:30 a.m.

## **APPROVAL OF MINUTES**

Trustee Giertz presented the minutes from the Audit & Risk Committee meeting of October 20, 2022.

Trustee Hendrie made the following motion:

- That the minutes from the December 8, 2022 Audit & Risk Committee meeting be approved as presented.

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

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

### **APPROVAL OF CLOSED MINUTES**

Trustee Giertz presented the closed minutes from the Audit & Risk Committee meeting of October 20, 2022.

Trustee Rock made the following motion:

- That the minutes from the December 8, 2022 Audit & Risk Committee meeting be approved as presented and remain closed.

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

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

### **CHAIRPERSON'S REPORT**

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

### **INTERNAL AUDIT**

#### **Annuity Audit Report**

Ms. Jackie Hohn and Mr. Doug Taylor discussed the pay benefit master file audit. They stated that the audit objectives were to determine that annuity benefit amounts are being paid correctly and that said payments conform to the Illinois Pension Code, the Joint Committee on Administrative Rules (JCAR) and applicable federal laws. Ms. Hohn reviewed the activities that were completed and stated that there were two audit findings. Internal Audit recommended that the data errors identified as part of the audit need to be reviewed and corrected. In addition, Internal Audit recommended that a report be developed and reviewed on at least an annual basis to identify errors in the future.

#### **IS General Controls Audit**

Ms. Hohn explained the audit objectives which were to determine whether the general internal control structure in place for the Information System functions are adequate to assure the computerized systems can be relied upon to produce accurate information. The audit also reviewed the previous findings related to cyber security to ensure they have been properly addressed and

that a plan is in place to address them. This audit covered the period of June 1, 2020, through June 1, 2022. Internal Audit formed the opinion that the information system general controls reasonably conform to accepted internal standard. There were two audit findings that related to the inventory of IT assets. Internal Audit recommends that a full physical inventory of all IT assets take place and that the listing of assets be updated accordingly. It was also recommended that a system be implemented to better track the IT assets that have not been fully capitalized.

### **State Universities Civil Service System Governance, Risk and Compliance Audit**

Ms. Hohn discussed multiple human resource topic areas that were considered and reviewed when identifying the audit objective and scope, risk assessment categories, and findings identified in this audit report. The topics included were, assignment of positions to class, compensation programs, examination program, administration of employment and separation procedures, administration and employment protocols of positions exempt from civil service regulations, general review of the employer's human resources program, and other follow up items from the previous audit. The audit objective was to evaluate and verify compliance with the act, the code, and system procedures. This audit was performed by the State Universities Civil Service System. There were no findings with this audit.

## **EXTERNAL AUDIT**

### **Fiscal Year 2022 Auditor's Report and Financial Audit**

Ms. Jacki Hohn presented the Fiscal Year 2022 Auditor's Report and Financial Audit. There were no reported findings.

### **Fiscal Year 2022 Report on Allocation of Pension Amount**

Ms. Hohn explained how the audit for the Accompanying Schedule of Allocation and Schedule of Pension Amounts of the State of Illinois, State Universities Retirement System was performed by FORVIS, LLP. There were no reported findings.

### **Required AU-C Communications to the Board**

Ms. Hohn presented the letter to the board that was issued by FORVIS, LLP serving as special assistant auditors for the Office of the Auditor General. This letter was issued after the completion of the Financial Statement Audit, and it provides information including the responsibilities of the auditors and management and addresses significant accounting estimates.

## **CLOSED SESSION**

Trustee Hendrie moved that the Audit & Risk Committee go into closed session at 9:28 a.m. pursuant to §2(c)(8) of the Illinois Open Meetings Act. Trustee Rock seconded, and the motion passed via the following roll call vote:

Trustee Bodnaruk	-	aye
Trustee Giertz	-	aye

Trustee Hendrie	-	aye
Trustee Rock	-	aye

### **RETURN TO OPEN SESSION**

Trustees resumed open session at 9:45 a.m.

### **CLOSED SESSION**

Trustee Rock moved that the Audit & Risk Committee go into closed session at 9:45 a.m. pursuant to §2(c)(29) of the Illinois Open Meetings Act. Trustee Hendrie seconded, and the motion passed via the following roll call vote:

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

### **RETURN TO OPEN SESSION**

Trustees resumed open session at 10:03 a.m.

Trustee Hendrie made the following motion:

- That pursuant to section 40 ILCS 5/1-135, the Audit & Risk Committee directs general counsel to report the updated fraud matter discussed in closed session to the appropriate state's attorney and to relevant law enforcement agencies for further investigation.

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

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

### **INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION**

Ms. Hohn reviewed the Quality Assurance & Improvement Program 2022 and the Employee Death Match. She briefly provided an update on each topic and concluded by opening the floor for questions.

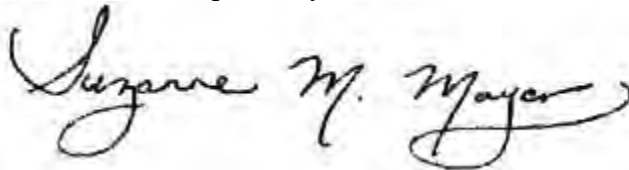
### **PUBLIC COMMENT**

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

Respectfully submitted,

A handwritten signature in cursive script, reading "Suzanne M. Mayer". The signature is written in black ink on a white background.

Ms. Suzanne M. Mayer  
Executive Director and Secretary, Board of Trustees

SMM:cm