



**Quarterly Meeting of the Audit & Risk Committee
of the Board of Trustees of the
State Universities Retirement System
Friday, September 8, 2022, 10:00 a.m.
State Universities Retirement System
1901 Fox Drive, Champaign, IL
*Optional Remote Connection for Members of the Public***

This meeting was held in person at the State Universities Retirement System in Champaign, IL.

The following trustees were present: Dr. Andriy Bodnaruk (via zoom); Dr. Fred Giertz, chair; Mr. Scott Hendrie; Dr. Steven Rock; Mr. Richard Figueroa (via zoom); Ms. Jamie-Clare Flaherty (via zoom); Mr. John Lyons; 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. Alex Deal, Internal Auditor; Ms. Lorraine Gui, 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, Head of Legislative Affairs; Ms. Alicia Route, Legislative Analyst; Mr. Albert Lee, Associate General Counsel; Ms. Anna Dempsey, Investment Counsel; 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 Giertz, present; Trustee Hendrie, present; and Trustee Rock, present.

TRUSTEE PARTICIPATION VIA ELECTRONIC MEANS

Trustee Rock made the following motion:

- That Trustee Bodnaruk be allowed to participate via video or conference call for the Audit & Risk Committee meeting on September 8, 2023, pursuant to Section 7(a) of the Open Meetings Act.

Trustee Rock seconded the motion and it passed with all trustees present voting in favor.

APPROVAL OF MINUTES

Trustee Giertz presented the minutes from the Audit & Risk Committee meeting of June 2, 2023.

Trustee Rock made the following motion:

- That the minutes from the June 2, 2023 Audit & Risk Committee meeting be approved as presented.

Trustee Hendrie seconded the motion and it passed with all trustees present voting in favor.

APPROVAL OF CLOSED MINUTES

Trustee Giertz presented the closed minutes from the Audit & Risk Committee meeting of June 2, 2023.

Trustee Rock made the following motion:

- That the closed minutes from the June 2, 2023 Audit & Risk Committee meeting be approved as presented and remain closed.

Trustee Hendrie seconded the motion and it passed with all trustees present voting in favor.

CHAIRPERSON'S REPORT

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

INTERNAL AUDIT

Travel and Administrative Audit

Ms. Jackie Hohn discussed the Travel and Administrative audit objectives with the board. The audit determined that the accounting and payment procedures for SURS travel and all other administrative expenses conform to the Illinois Pension Code 3, State of Illinois Procurement policies, regulations of the Higher Education Travel Control Board (HETCB) regulations (Part 2900) and the SURS travel and purchasing policies. The scope of the audit examined multiple travel expenditures, reimbursements made to staff and board members and examined administrative expenses for the period May 1, 2022, through January 30, 2023. SURS Auditing team formed the opinion that although a few errors were identified during the audit, the overall reimbursements did conform to the HETCB requirements. Ms. Hohn shared Internal Audit's recommendations with the board.

Member Subsidiary Ledger Audit

Ms. Jackie Hohn provided an update on the MSL System/Retirement Plans Audit Report. The objective of this audit was to determine whether the procedures used for the member plan elections, service credit, interest calculations, SMP/RSP transfers, and accounting for state appropriations adequately conform to the laws as prescribed in the Illinois Pension Code and the SURS administrative rules. She explained that the scope of the examination covered retirement plan elections received and processed between March 1, 2021 and September 30, 2022. Internal Audit formed the opinion that the processing of plan elections, RSP account balance transfers, and interest

reasonably conformed to the mandates of the Illinois Pension Code and the SURS administrative rules. There were no findings or recommendations noted.

Payroll Audit

Ms. Jackie Hohn also discussed the Payroll Audit Report with the board. The audit objectives were to determine whether accounting and payment procedures used for the staff payroll function conform to applicable statutes, rules, policies, and procedures. The scope of the audit covered the pay periods from February 21, 2023, through March 6, 2023 and involved a comprehensive testing of payroll activity using a judgmental sample of 20/163 (12.2%) of total employees selected for detailed testing. She discussed the few audit findings they identified and provided Internal Audit's recommendations.

APPROVAL OF THE TWO-YEAR AUDIT PLAN

Ms. Jackie Hohn presented the FY 2024 Internal Audit Plan to the SURS Board of Trustees. She reviewed the audit activity they could expect to see during FY24 and she provided the estimated timeline for each planned audit.

Trustee Rock made the following motion:

- That the two-year Audit Plan be approved as presented.

Trustee Bodnaruk seconded the motion and it passed with all trustees present voting in favor.

CLOSED SESSION

Trustee Rock moved that the Audit & Risk Committee go into closed session at 10:30 a.m. pursuant to §2(c)(8) of the Illinois Open Meetings Act for the consideration of security procedures. Trustee Bodnaruk seconded, and the motion passed with all trustees present voting in favor.

RETURN TO OPEN SESSION

Trustees resumed open session at 11:05 a.m.

FRAUD REPORT

There was no Fraud Report.

INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION

Ms. Hohn reviewed the Internal Audit Independence Confirmation and the Employee Death Match.

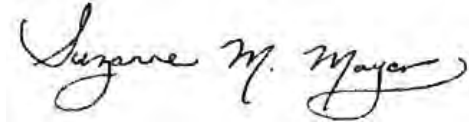
PUBLIC COMMENT

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

ADJOURN

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 it passed with all trustees present voting in favor.

Respectfully submitted,

A handwritten signature in cursive script that reads "Suzanne M. Mayer". The signature is written in black ink and is centered on the page.

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

SMM:cm