



MINUTES

**Closed Session Meeting of the Audit Committee
of the Board of Trustees of the
State Universities Retirement System
4:45 p.m., Thursday, September 18, 2014
State Universities Retirement System
1901 Fox Drive, Main Conference Room
Champaign, Illinois 61820**

Upon motion by Trustee Engstrom, seconded by Trustee Johnson and a unanimous roll call vote of all Trustees present, the Audit Committee went into closed session under the Open Meetings Act pursuant to §2(c)(29) to discuss internal control weaknesses.

The following Trustees were present: Ms. Lindsay Anderson, Ms. Jacqueline Berger, Dr. John Engstrom, Mr. Richard Figueroa, Mr. Paul R. T. Johnson Jr., Mr. Andrew Matthews, Mr. Craig McCrohon, Ms. Dorinda Miller, Mr. Peter Newell, and Mr. Mitchell Vogel.

Others present: Mr. William Mabe, Executive Director; Mr. Michael Weinstein, General Counsel; Mr. Steve Hayward, Director of Internal Audit; Mr. Chris Hansen, Director of Operations; Ms. Cindy Gones, Manager of Technical Support; Mr. Doug Taylor and Ms. May Techolarn, Internal Auditors; Ms. Lori Kern, Executive Assistant, and Ms. Mary Pat Burns of Burke, Burns & Pinelli.

INTERNAL AUDIT

Mr. Chris Hansen introduced Ms. Cindy Gones, SURS Technical Support Manager. Mr. Hansen and Ms. Gones then presented the results of the Information Technology General Controls review that was conducted by the accounting firm of Clifton Larson Allen (CLA). Mr. Hansen noted that this review focused on several areas such as security, business continuity, privacy, infrastructure, application development and internal vulnerability testing. Mr. Hansen stated that the preliminary findings of this review were presented at the June meeting and at that time, he reported that staff was in the process of reviewing each of the findings in detail to determine agreement, preparing management responses and developing action plans if applicable. Mr. Hansen then discussed the approach CLA used to assess and make recommendations on security risks and provided a brief description of the IT General Controls Review Report.

Mr. Hansen noted that for the most part, the recommendations suggest formalization of processes already being done. In most recommendations, the response indicates how SURS

plans to implement the change(s) and when. In some cases, the response will also include the steps that SURS is taking to create a compensating control. Mr. Hansen noted that all recommendations requiring policy changes are being deferred to the newly created Information Technology Steering Committee for review, discussion and prioritization.

In summary, Mr. Hansen and Ms. Gones briefly went over the findings, responses and recommendations of the IT General Controls Review. Mr. Hansen reported that to date, staff has completed remediation of thirty of the forty two actionable items and intend to have the remaining twelve completed by the end of the fiscal year. Most of the remaining items can be categorized as developing policies, doing assessments and writing reports. None of which are considered to present any immediate danger; however, two of them will be more difficult to remediate and will require additional research and/or changes to the way SURS does business or changes in policy. Discussion regarding the remaining actionable items continued amongst the group.

Mr. Hayward noted that SURS voluntarily contracted this review to help improve processes and controls. Mr. Hansen and Ms. Gones both agreed that initiating this process voluntarily was valuable and they feel that it will help guide SURS with lowering overall risk while creating a more secure technology environment.

RETURN TO OPEN SESSION

Upon motion by Trustee Richard Figueroa that was seconded by Trustee John Engstrom and carried, the Audit Committee resumed its meeting in open session.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William E. Mabe". The signature is fluid and cursive, with a large initial "W" and "E".

Mr. William E. Mabe
Secretary, Board of Trustees

WEM:lk