



## **MINUTES**

**Meeting of the Audit & Risk Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Thursday, December 5, 2019, 2:15 p.m.  
Northern Trust 50 S. LaSalle  
Global Conference Center – 1<sup>st</sup> Floor  
Chicago, IL**

The following trustees were present: Dr. Fred Giertz, Mr. Richard Figueroa, Dr. Steven Rock, Mr. Collin Van Meter, Mr. Antonio Vasquez, and Mr. Mitch Vogel.

Others present: Mr. Martin Noven, Executive Director; Ms. Bianca Green, General Counsel; Ms. Jackie Hohn, Chief Internal Auditor; Mr. Doug Wesley, Chief Investment Officer; Ms. Suzanne Mayer, Chief Benefits Officer; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Kristen Houch, Head of Legislative Affairs; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; Mr. Steve Zahn of Zahn Governmental Solutions and Ms. Tiffany Reeves of Reinhart, Boerner, Van Deuren.

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

Trustee John Atkinson physically joined the meeting at 2:55 pm.

## **APPROVAL OF MINUTES**

Trustee Giertz presented the minutes from the Audit & Risk Committee meeting of June 6, 2019.

Trustee Rock made the following motion:

- That the minutes from the June 6, 2019 Audit & Risk Committee meeting be approved as presented.

Trustee Vasquez seconded and the motion carried with all trustees present voting in favor.

## **CHAIRPERSON'S REPORT**

There was no formal chairperson's report.

## **INTERNAL AUDIT**

### **Member Subsidiary Ledger (MSL) Audit**

Ms. Jackie Hohn presented the MSL system audit report noting that this audit examined the retirement plan elections received and processed between 3/1/17 and 2/28/19. Ms. Hohn stated the objectives of this audit noting the areas focused on by internal audit. Ms. Hohn stated the employer and employee contribution processing in the member subsidiary ledger accounting system were reviewed for all of the plans (SMP, Portable and Traditional). The MSL service credit, interest accrual functions and demographic data were examined. Census data for active members submitted to the actuary in the valuation calculations was checked for completeness and accuracy, the installment purchase of service credit, the service agent processing by SURS and the benefit summary statements were also reviewed. Internal Audit formed the opinion that the processing of the plan elections, SMP account balance transfers and the payroll, service credit and interest processing, and statements of account reasonably conform to the Illinois Pension Code and the rules of the System. There were no findings.

### **Death Claim Audit**

Ms. Hohn presented an overview of this audit including the review of lump-sum death benefits which may have associated survivor's annuity claims for Traditional and Portable Plan members. She explained that this audit tested Traditional and Portable Plan death claim calculations completed between July 1, 2017, and June 30, 2019. Although this audit specifically examined the calculation of death benefits, other audit procedures were completed in order to verify the entire claim calculation and payment process. Internal Audit formed the opinion that the benefit calculation and payment procedures for the computer calculated death benefits adequately conform to the Illinois Pension Code and the rules of the System. Ms. Hohn noted there were no findings.

### **Survivor Audit**

Ms. Hohn also presented the results of the survivor and reversionary claims audit and noted this audit covered benefits paid for Traditional and Portable Plan members for the period between July 1, 2017, and June 30, 2019. In addition to the accuracy of the claim amount, other objectives included the accuracy of all insurance and tax withholdings and other disbursements related functions. No issues were identified, and Internal Audit formed the opinion that the computer calculations of the survivor and reversionary benefits adequately conformed to the Illinois Pension Code and the rules of the System.

## **EXTERNAL AUDIT**

Ms. Hohn reported the external audit has been completed and there were three immaterial findings. Management has already started to rectify these findings and there will be no formal findings.

## **INFORMATION SYSTEMS SECURITY UPDATE**

Mr. Jefferey Saiger presented an overview of recent security updates. These projects are intended to help safeguard SURS data, information and employees. These safeguards include perimeter security cameras, building and safety refresh and Windows 10. Lastly, Mr. Saiger provided an update on a recent issue for PII (Personally Identifiable Information) Classification Services.

**CLOSED SESSION**

Trustee Vasquez moved that the board of trustees go into closed session pursuant to §2(c)(8) of the Open Meetings Act. Trustee Rock seconded and the motion carried on a roll call vote:

Trustee Ammons	-	absent
Trustee Atkinson	-	absent
Trustee Figueroa	-	aye
Trustee Flaherty	-	absent
Trustee Giertz	-	aye
Trustee Lyons	-	absent
Trustee Rock	-	aye
Trustee Van Meter	-	aye
Trustee Vasquez	-	aye
Trustee Vogel	-	aye

**RETURN TO OPEN SESSION**

Upon motion by Trustee Rock that was seconded by Trustee Vasquez and carried, the board of trustees resumed the meeting in open session.

**INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION**

Ms. Hohn discussed the Institute of Internal Auditors (IIA) Standards for the Professional Practice of Internal Auditing and noted that Attribute Standard 1010 requires discussion of these standards with senior management and the board. A brief review of the standards and other parts of the IIA's Professional Practices Framework were discussed with the board. In addition, Ms. Hohn provided the board with results from the monthly death match process.

**PUBLIC COMMENT**

There were no public comments presented to the Audit Committee.

There was no further business brought before the committee and Trustee Giertz moved that the meeting be adjourned. The motion was seconded by Trustee Vasquez and carried with all trustees present voting in favor.

Respectfully submitted,



Mr. Martin Noven  
Secretary, Board of Trustees