



MINUTES

**Meeting of the Audit & Risk Committee
of the Board of Trustees of the
State Universities Retirement System
Friday, March 13, 2020, 11:00 a.m.
State Universities Retirement System
Main Conference Room
1901 Fox Dr., Champaign, IL**

The meeting of the Audit & Risk Committee of the Board of Trustees of the State Universities Retirement System convened on March 13, 2020, at 11:00 a.m. in the System's Champaign office located at 1901 Fox Dr. with a video conference location at the system's Naperville office at 1120 E. Diehl Road, Naperville, IL.

The following trustees were present: Dr. Fred Giertz, chair, Mr. John Atkinson (via video conference), Mr. Richard Figueroa (via video conference), Ms. Jamie-Clare Flaherty (via video conference), Mr. Antonio Vasquez (via conference call), Mr. Scott Hendrie, Dr. Steven Rock, Mr. Collin Van Meter and Mr. Mitch Vogel (via video conference).

Others present: Mr. Martin Noven, Executive Director; Ms. Jackie Hohn, Chief Internal Auditor; Ms. Suzanne Mayer, Chief Benefits Officer; Ms. Tara Myers, Chief Financial Officer; Ms. Bianca Green, General Counsel; Mr. Doug Wesley, Chief Investment Officer; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Kristen Houch, Head of Legislative Affairs; Mr. Albert Lee, Associate General Counsel; Ms. Ellen Hung, Deputy Chief Investment Officer; Mr. Tim Spila; Ms. Kelly Carson, Ms. Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; and Mr. Steve Zahn of Zahn Governmental Solutions (via conference call).

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

APPROVAL OF MINUTES

Trustee Giertz presented the minutes from the Audit & Risk Committee meeting of December 5, 2019.

Trustee Rock made the following motion:

- That the minutes from the December 5, 2019 Audit & Risk Committee meeting be approved as presented.

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

CLOSED SESSION MINUTES

Trustee Giertz presented the closed minutes from the Audit & Risk Committee meeting of December 5, 2019.

Trustee Rock made the following motion:

- That the closed meeting minutes from the December 5, 2019, be approved as presented and remain closed.

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

CHAIRPERSON'S REPORT

Trustee Giertz reported that he intends to work more closely with Ms. Hohn, Chief Internal Auditor, moving forward regarding SURS auditing processes.

INTERNAL AUDIT

Employer Audit Updates

Ms. Hohn presented the employer audit updates noting that SURS is currently working with Sikich who will focus on verifying that all the employer census data is reviewed for completeness and accuracy. Ms. Hohn stated the objectives of this audit noting the areas focused on by internal audit. Sikich will provide reports to SURS noting any error findings for Internal Audit to make the necessary corrections. Due to the COVID-19 outbreak, some of these audits may be pushed back to a later date.

EXTERNAL AUDIT

FY 2019 Compliance Audit Report Digest & Summary

Ms. Hohn provided the SURS compliance examination report issued February 11, 2020, by the Office of the Auditor General (OAG) for the year ending June 30, 2019. Ms. Hohn reviewed various sections of the compliance report and explained the objectives of the compliance review are to make sure SURS complies with the law and rules of the System. It was also noted that the opinion section indicated that SURS complied, in all material respects, with the compliance requirements set by the auditors.

FY 2019 Financial Report Digest & Opinion

Ms. Hohn reviewed the FY 2019 Financial Audit Report & Supplemental Summary Report Digest, issued in December 2019 by the Office of the Auditor General. It was noted the digest provides a summary of the audit of SURS' financial statements each year and includes any significant findings. No findings were included in this report. Other sections of the Financial Audit Report were reviewed with the committee. The opinion section indicated that the SURS financial statement for the year ended June 30, 2019, were fairly stated in all material respects.

FY 2019 Report on Allocation of Pension Amount

Ms. Hohn discussed the FY 2019 OAG audit report on the pension allocation schedules provided by BKD for the year ended June 30, 2019. This report and related schedules show the pension liability totals. The auditors opined that the schedules present fairly, in all material respects, the employer allocations for the year ended June 30, 2019, in accordance with the accounting principles generally accepted in the United States.

Required AU-C 260 Communications to the Board

Ms. Hohn reviewed the Required AU-C 260 Communications Report prepared by BKD that summarizes communications with the board. Generally Accepted Auditing Standards require this letter to the board to ensure there are two-way communications between the board and auditors and to give the auditors an opportunity to comment on any problems noted during the audit. The report indicated that no problems, issues or difficulties were encountered with SURS management during the audit process.

FISCAL YEAR 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT REVIEW
(Educational Topic)

Ms. Myers and Ms. Hohn presented the SURS Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR). This discussion included the purpose of the CAFR, various components and highlights of the report.

The educational session lasted 10 minutes and concluded at 12:15 p.m.

A copy of the presentation titled “FY2019 CAFR Presentation” is incorporated as part of these minutes as **Exhibit 1**.

INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION

Ms. Hohn guided trustees to the back of their materials which provide information regarding the Institute of Internal Auditors (IIA) required Quality Assurance Report, Improvement Program and Death Match Report.

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 Vasquez and carried with all trustees present voting in favor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Martin Noven", written in a cursive style.

Mr. Martin Noven
Secretary, Board of Trustees

MN:cm