



MINUTES

**Meeting of the Audit Committee
of the Board of Trustees of the
State Universities Retirement System
9:00 a.m., Friday, December 10, 2010
The Northern Trust, London Room B9
50 South LaSalle Street, Chicago, Illinois 60603**

The following Trustees were present: Dr. John Engstrom, Chair; Dr. Jeffrey Beaulieu, Mr. Matthew Berns, Ms. Patricia Cassidy; Dr. J. Fred Giertz, Ms. Carrie Hightman, Ms. Dorinda Miller, Mr. Antonio Vasquez, Mr. Mitchell Vogel and Dr. Marva Williams.

Others present were: Mr. William Mabe, Executive Director; Ms. Judith Parker, Associate Executive Director; Mr. Daniel L. Allen, Chief Investment Officer; Mr. Douglas Wesley, Deputy Chief Investment Officer; Ms. Stefanie Rice, Executive Assistant; Mr. Terrin Krantz, Director of Human Resources; Ms. Mary Pat Burns, Burke, Burns & Pinelli; Ms. Shelley Porter, Chief Financial Officer; Mr. Steve Hayward, Director of Internal Audit; Ms. Patti Somerville-Koulouris, The Northern Trust Company; Mr. Steve Zahn, Governmental Consulting Solutions; Mr. Jake Baggott, State University Retirement System Member Advisory Committee (SURSMAC); Ms. Linda Brookhart, State Universities Annuitant Association (SUAA).

Trustee Engstrom called the meeting to order at approximately 9:00 a.m.

Roll call attendance was taken. Trustee Beaulieu, present; Trustee Berns, present; Trustee Cassidy, present; Trustee Engstrom, present; Trustee Giertz, present; Trustee Hightman, present; Trustee Miller, present; Trustee Rogers, absent; Trustee Vasquez, present; Trustee Vogel, present; Trustee Williams, present.

APPROVAL OF MINUTES

Trustee Engstrom presented the Minutes from the Audit Committee meeting of September 3, 2010. Trustee Beaulieu moved that:

- The Minutes of September 3, 2010, be approved as presented.

Motion seconded and carried with all Trustees present voting in favor.

EXTERNAL AUDIT UPDATE

Mr. Steve Hayward provided a status report from the external audit process being conducted by McGladrey and Pullen, LLP, for fiscal year ending June 30, 2010. Seven potential audit findings and recommendations were presented and reviewed. It was noted that Internal Audit is currently working with the auditors on the findings to determine if SURS is in agreement. Financial statements are being provided to the external auditor for review. Trustee Berns suggested staff use a computer software package to assist with the management and renewal of contracts. In conclusion, Mr. Hayward noted that the audit recommendations from the fiscal year 2009 audit have been implemented and completed.

INTERNAL AUDIT REPORTS

Mr. Hayward reviewed the disability benefits audit report noting three immaterial findings. The travel and administrative expenditures audit report, which is completed on a semi-annual basis, was reviewed. The objective of this audit is to verify that expenses conform to the Higher Education Travel Control Board (HETCB) regulations, SURS travel and purchasing policies and any other State of Illinois rule or statutes. A review of these expenses noted a few minor findings; however, the payment of these expenses did generally conform to the HETCB regulations. It was noted some driver's license and insurance certifications were not received on a timely basis. The Committee was also provided with a status report of the national death match results for 2010.

Since no further business was to come before the Committee, Trustee Giertz moved that the meeting be adjourned. The motion was seconded and it carried.

Respectfully submitted,



Mr. William E. Mabe
Secretary, Board of Trustees

WEM:ssr