



## MINUTES

**Meeting of the Audit & Risk Committee  
of the Board of Trustees of the  
State Universities Retirement System  
Friday, September 11, 2020, 9:00 a.m.  
State Universities Retirement System**

**Via remote access only due to COVID-19 statewide restrictions**

The meeting of the Audit & Risk Committee of the Board of Trustees of the State Universities Retirement System convened on September 11, 2020, at 9:00 a.m. via zoom (video conference) based on the Executive Order that temporarily amended the Open Meetings Act to allow public meetings to be conducted via phone or video conference.

The following trustees were present: Mr. Scott Hendrie, chair, Mr. John Atkinson, Mr. Richard Figueroa, Ms. Jamie-Clare Flaherty, Dr. Fred Giertz, Mr. John Lyons, 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; Mr. Doug Wesley, Chief Investment Officer; Ms. Jackie Hohn, Chief Internal Auditor; Ms. Suzanne Mayer, Chief Benefits Officer; Mr. Jefferey Saiger, Chief Technology Officer; Ms. Kristen Houch, Head of Legislative Affairs; Ms. Kelly Carson, Chelsea McCarty and Ms. Annette Ackerman, Executive Assistants; Mr. Michael Calabrese of Foley, and Mr. Frederick Lantz of Sikich LLP.

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

Trustee Ammon left the meeting at 10:20 a.m.

## APPROVAL OF MINUTES

Trustee Hendrie presented the minutes from the Audit & Risk Committee meeting of March 13, 2020.

Trustee Giertz made the following motion:

- That the minutes from the March 13, 2020 Audit & Risk Committee meeting be approved as presented.

Trustee Rock seconded and was followed by a roll call vote.

Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Rock	-	aye
Trustee Vasquez	-	aye

## **CHAIRPERSON'S REPORT**

Trustee Hendrie reported that because this is his first meeting as chair of the Audit & Risk Committee, he had a discussion with Mr. Martin Noven and Ms. Jackie Hohn before the meeting to discuss processes and how things are done to ensure he had a good understanding of the same. The topics they discussed related to budget, the hiring of a new staff member, state audits, tracking of the audit process, risk assessment process and the internal quality review process.

## **CENSUS AUDIT**

Mr. Frederick Lantz with Sikich LLP presented the information obtained from the 2020 census data audit and he shared the findings with the board. He discussed how Sikich performed the procedures that were agreed upon with SURS, which included reconciliation and member and employee data. The university and colleges included in this audit included University of Illinois Chicago, Kaskaskia College, Highland Community College, Oakton Community College and Joliet Junior College. Mr. Lantz then opened the floor to the board for questions. He and Ms. Jackie Hohn provided further feedback.

## **INTERNAL AUDIT**

### **Information Systems General Controls Review**

Ms. Jackie Hohn presented the audit objectives and methodology to the board and explained how they were determined. Ms. Hohn explained that the areas of interest for internal audit included, but were not limited to, specific information systems control areas including physical and logical security, systems development, program promotions, and administrative/segregation of duties. The audit was conducted in conformance with "International Standards for the Professional Practice of Internal Auditing" published by the Institute of Internal Auditors. Ms. Hohn provided a brief scope of the examination and confirmed that there were no audit findings. She and Mr. Jefferey Saiger shared the observations and recommendation.

### **Travel and Administrative Expense Audit**

Results from the Travel and Administrative Expense Audit were presented by Ms. Jackie Hohn for the examination period Feb. 1, 2019 – Feb. 29, 2020. She reported that no significant audit findings were noted for the period under review. Ms. Hohn also shared the internal audit observations and provided the recommendation that SURS management should research, formalize, and approve written policies and procedures regarding the use SURS issued credit cards and payments for purchases made with the same. The policies and procedures developed for the use of said credit cards should utilize best industry practices.

### **Investment Compliance Audit**

Ms. Jackie Hohn reported that an Investment Compliance review was recently completed. In this audit, internal audit staff examined general compliance with state statutes and investment policies with an emphasis on asset allocation compliance for the period ended Dec. 31, 2019. Ms. Hohn stated that no compliance issues were identified during this audit and the investment department's procedures are following the requirements of state statutes and internal investment policies. She concluded by sharing the audit observations.

## **Retirement Audit**

Ms. Jackie Hohn presented results from the Retirement Claims Audit that examined retirement claims calculated between Feb. 1, 2018 and Aug. 31, 2019. The objectives of this audit were to determine whether the procedures used for the payment of retirement annuities are adequate and conform to the mandates of the Illinois Pension Code and the rules of the System. Other items reviewed were proper insurance withholdings, proper federal income tax withholdings, accurate check amounts, proper tax reporting and properly calculated automatic annual increases. Internal Audit staff formed the opinion that the benefits calculation and payment procedures for computer calculated retirement benefits, adequately conform to the Illinois Pension Code and the rules of the System. Ms. Hohn discussed two findings and recommendations regarding “Return to Work-Hire” and the calculation of claims using the police/fire formula under the Reciprocal Act.

## **Approval of Internal Audit Plan FY 2021 & 2022**

Ms. Jackie Hohn presented the internal audit plan for FY 2021 & 2022. She briefly discussed the audit activity for the upcoming year and concluded by opening the floor to any questions on the plan.

Trustee Rock made the following motion:

- That the Internal Audit Plan for FY 2021 & 2022 be approved as presented.

Trustee Vasquez seconded and was followed by a roll call vote.

Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Rock	-	aye
Trustee Vasquez	-	aye

## **INFORMATION SYSTEMS SECURITY UPDATE**

### **IT Security Update**

Mr. Jefferey Saiger stated that although the pivot to decentralized work has proven to be a challenge during Covid-19, the IT team still made significant strides toward keeping SURS information and systems safe while continuing to enhance security. He discussed some of the recent security updates including increased physical safety measures, security management systems, PII data classification, business community program review and remote work security training.

## **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 Hendrie seconded and the motion carried on a roll call vote:

Trustee Giertz	-	aye
Trustee Hendrie	-	aye
Trustee Rock	-	aye
Trustee Vasquez	-	aye

**RETURN TO OPEN SESSION**

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

**INFORMATIONAL ITEMS NOT REQUIRING COMMITTEE ACTION**

Ms. Hohn noted additional information in the board materials regarding the FCIAA Audit Plan Completion Summary, the IA Independence Confirmations 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 Vasquez moved that the meeting be adjourned. The motion was seconded by Trustee Rock and carried with all trustees present voting in favor.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Martin Noven", with a long horizontal flourish extending to the right.

Mr. Martin Noven  
Secretary, Board of Trustees

MN:cm