

Illinois Municipal Retirement Fund

Meeting No: 15-11(2)-A

Audit Committee

The Audit Committee met at the IMRF office in Oak Brook, Illinois on Friday, November 20, 2015, at 8:00 AM. Committee members Henry, Stanish and Kuehne were present. IMRF staff members Kosiba, Duquette, Woollen, Nannini, Shah, O'Brien, Engstrom, Davidyan, Bianchetta and were present. Also present were representatives from Crowe Horwath: Gerschoffer and Poluga, from KPMG: Baid, and from Seyfarth Shaw LLP: Larry Moss.

(15-11-01) Chairperson Henry called the meeting to order at 8:00 AM.

(15-11-02) (Approval of Minutes)

Minutes from the November 2, 2015 Audit Committee Meeting were approved on a motion by Stanish, seconded by Kuehne. The motion carried unanimously.

(15-11-03) (Report on Compliance Activity)

O'Brien reported on three complaints that were received and one of which was investigated through the code of conduct hot-line. These complaints contained issues regarding employee conduct (violation of the value of respect) and appropriate actions were taken, as deemed necessary by staff. O'Brien further reported that IMRF staff participated in the annual code of conduct training.

(15-11-04) (Report on 2015 IS Internal Audit Work Performed by Crowe Horwath)

Gerschoffer and Poluga presented the results of the 2015 IS Internal Audit work performed in September-October 2015. Poluga summarized the results surrounding three internal reports: 1) External Penetration Assessment 2) Internal Penetration Assessment, and 3) Network Security Assessment. She touched on several high, moderate, and low risk areas identified during their testing. Poluga went on to explain about the social engineering testing conducted during the external penetration assessment and findings and recommendations made to management. There was a discussion about the continuing need for training employees in how they should respond to emails from unauthorized sources.

(15-11-05) (Acceptance of Crowe Horwath's 2016 Arrangement Letter)

Gerschoffer pointed to the proposed scope of work listed with the proposed 2016 work plan. A recommendation to have the Board of Trustees accept Crowe Horwath arrangement letter for internal control testing of the IS operations for 2016 was approved.

Motion made by Kuehne, and seconded by Stanish, was unanimously approved for the proposed IS Internal Audit plan and fees for 2016.

(15-11-06) (Presentation of the External Audit Services Plan for IMRF's 2015 SOC1 Type II Report Performed by KPMG)

Baid of KPMG presented information and timeline related to the 2015 audit plan for the Fund's SOC1 Type II report. Baid discussed the scope of services and planned areas of emphasis. He also discussed the reporting period of 15 months (ending 3/31/2016) for the first year of implementation. Baid explained testing has to be performed during Q1 of 2016 to cover the first quarter of the year. Following questions about the timeline from Henry and Stanish, Baid stated that according to the timeline requested by IMRF, the final report would be due in mid-April and that KPMG is planning accordingly for this due date.

(15-11-07) (Acceptance of 2016 RSM Contract for 2016 External Audit Services)

A recommendation to have the Board of Trustees accept RSM's 2016 contract for the audit of IMRF's financials was approved on a motion by Kuene, and seconded by Stanish. The motion carried unanimously.

(15-11-08) (Presentation of 2016 Internal Audit Plan)

Davidyan presented the 2016 internal audit plan focusing on the risk assessment process and the areas of emphasis, including employer audits. There was a discussion about most common employer audit findings following a question from Kuehne. Henry commented regarding the certification form that is requested from the elected officials by internal audit during audits. Chairperson Henry stated staff should suggest employers have their elected officials complete the certification form every year so that it is not a surprise during audits.

(15-11-09) (Other Business)

None

(15-11-10) (Private Sessions with Crowe and Internal Auditor)

After excusing management representatives, the Committee met with the internal auditors from IMRF and Crowe Horwath, separately.

(15-11-11) (Adjournment)

A motion was made by Kuehne, seconded by Stanish to adjourn the meeting. The motion was unanimously approved at 9:02 AM. The Audit Committee will reconvene at the Oak Brook office on December 18, 2015, at 8:00 A.M.

<u>Steven Henry</u>	<u>12/18/15</u>
Chairperson	Date
<u>Maletta Namin</u>	<u>12/18/15</u>
Clerk	Date