

## **Illinois Municipal Retirement Fund**

### **Meeting No: 22-05-A**

#### **Audit Committee**

The Audit Committee met in person and via virtual online platform on Friday, May 27, 2022, at 8:00 A.M. Trustees Sue Stanish, Gwen Henry (Virtual), Peter Stefan, Tom Kuehne, and Lou Kosiba were present. IMRF staff Mark Nannini, Sharon Brown (Virtual), Elisa Juhasz, Brian Collins, Beth Janicki Clark, Vlad Shuliga, Brandi Smith, Bryan Langs and Jesus Avaya were present. External auditors Michelle Watterworth (Virtual), Theresa Banka (Virtual), George Golemes, and Tim Bowling of Plante Moran in attendance.

(22-05-01) Chairperson Stanish called the meeting to order at 8:00 AM.

(22-05-02) (Public Comments)

No comments were noted.

(22-05-03) (Approval of the Minutes of the November 19, 2021, Virtual/In Person Audit Committee Meeting)

The Audit Committee approved the minutes from the November 19, 2021, Virtual/In Person Audit Committee Meeting.

Motion to approve by Trustee Kosiba, seconded by Trustee Stefan. Roll Call 5-0

(22-05-04 A) (Presentation - SOC1 Type 2 Report for the period of January 1, 2021, through December 31, 2021, Prepared by Plante Moran (Tim Bowling, Engagement Partner, George Golemes, Principal))

Tim Bowling and George Golemes of Plante Moran were present. A clean opinion was issued and staff cooperative with the successful SOC 1 Type 2 process.

(22-05-04 B) Presentation of Results of 2021 Financial Statement Audit (Michelle Watterworth and Theresa Banka, Partners - Plante Moran))

Presentation of the results of the 2021 Financial Statement Audit by Plante Moran, Michelle Watterworth and Theresa Banka presented an unmodified opinion. This includes the ACFR, Fiduciary Net Position by Employers schedules and Census Attestation by employer with an unmodified opinion.

(22-05-05 A) (Report on the completion of the 2021 Internal Audit Plan (Elisa Juhasz, Internal Audit Officer))

The 2021 Internal Audit Plan results were presented by the Internal Audit Officer. A few highlights of the audit testing completed during the year was the following:

- Annuitant Death Investigation continues to be performed weekly. In 2021, 2,298 unreported deaths were identified and \$1.4m (98.55%) overpayments were recovered.

- Routine and Rotational audits (monthly, quarterly, semiannual, annual) were completed in areas such as Cash, Investments, Benefits, Administrative Expenses, Fixed Assets, Payroll, and other Financial Reporting areas. No significant exceptions were noted.
- IS Security Audit was conducted by Crowe, LLP, and the results presented to the Audit Committee in November 2021.

Internal Audit concluded that based on audit results, the IMRF overall system of controls is operating effectively.

(22-05-05 B) (Report on the completion of the 2021 Employer Compliance Review Plan (Vlad Shuliga, Associate General Counsel))

A summary of the 2021 Employer Compliance program was presented. 191 employer compliance reviews were performed which exceeded the goal of 190, with a 92% employer satisfaction rate from the survey results presented. The number and types of findings were consistent with employer compliance findings in prior years.

(22-05-06 A) (Review and acceptance of the 2021 Annual Comprehensive Financial Report of the Illinois Municipal Retirement Fund (Mark Nannini, Chief Financial Officer))

Review of the 2021 Financial Statement Audit by Plante Moran, that includes the Fiduciary Net Position by Employers schedules and Census Attestation by employer. Unmodified opinion issued by Plante Moran on all three items.

(22-05-06 B) (Review and acceptance of the 2021 SOC 1 Type 2 engagement of the Illinois Municipal Retirement Fund (Mark Nannini, Chief Financial Officer))

Review of the 2021 SOC 1 Type 2 engagement by Plante Moran.

(22-05-06 C) (Review of estimate for preliminary work for 2022 Horizon System Implementation (Mark Nannini, Chief Financial Officer))

(22-05-07 A) (Acceptance of the 2022 Plante Moran Contract for Audit with Adjustments (Mark Nannini, Chief Financial Officer))

Motion to approve modified contract with an additional 3% increase for remaining 3 years of the contract based on the economy.

Motion by Trustee Henry, seconded by Trustee Stanish. Roll Call 2-3, motion failed.

Original contract presented for vote, motion Trustee Kosiba seconded Trustee Kuehne Roll call 5-0

(22-05-07 B) (Acceptance of the 2022 SOC 1 Type 2 Contract for Report (Mark Nannini, Chief Financial Officer))

Motion to approve by Trustee Kosiba seconded Trustee Kuehne Roll call 5-0

(22-05-07 C) (Acceptance of the 2022 Plante Moran Contract for Horizon System implementation (Mark Nannini, Chief Financial Officer))

Motion to approve by Trustee Kuehne, seconded by Trustee Stefan. Roll Call 5-0

(22-05-08) (Other Business)

No other business noted.

(22-05-09 A) (Presentation of the draft Fraud Matrix (Elisa Juhasz, Internal Audit Officer) (Mark Nannini, Chief Financial Officer))

Draft of Fraud matrix presented to the Audit Committee.

(22-05-09 B) (Updated Handout on Fraud Awareness, Identification and Reporting by IMRF (Elisa Juhasz, Internal Audit Officer) (Mark Nannini, Chief Financial Officer))

(22-05-10) (Executive Session)

The Chair of the Audit Committee had private sessions with the internal and external auditors.

(22-05-11) (Motion to Adjourn)

Meeting adjourned at 8:58 A.M. Motion to adjourn by Trustee Kosiba, seconded by Trustee Stefan. Roll Call 5-0

<u>Sue Stanish</u>	<u>11/18/22</u>
Chairperson	Date
<u>Malet Nannini</u>	<u>11/18/22</u>
Clerk	Date

