

Illinois Municipal Retirement Fund
Meeting No: 22-11-A
Audit Committee
November 18, 2022

The Audit Committee met in person and via virtual online platform on Friday, November 18, 2022, at 8:00 A.M. Trustees Sue Stanish, Gwen Henry, Louis Kosiba, Peter Stefan, Tom Kuehne, and Tracie Mitchell were present. IMRF staff Mark Nannini, Sharon Brown, Elisa Juhasz, Brian Collins, Beth Janicki Clark, Vlad Shuliga, Dawn Seputis, Megan Gabel, and Bryan Langs were present, Brandi Smith, was virtual. External auditors Theresa Banka and Timothy Bowling of Plante Moran in attendance. External auditors Steve Gerschoffer and Sunny Sonani of Crowe in attendance.

(22-11-01) Chairperson Stanish called the meeting to order at 8:00 AM.

(22-11-02) (Public Comments)

No comments were noted.

(22-11-03) (Approval of the Minutes of the May 27, 2022, Virtual/In Person Audit Committee Meeting)

The Audit Committee approved the minutes from the May 27, 2022, Virtual/In Person Audit Committee Meeting.

Motion to approve by Trustee Stanish, seconded by Trustee Kuehne. Roll Call 6-0

(22-11-04 A) (Annual Report on Compliance Activity (Beth Janicki Clark))

Annual Report on Compliance Activity presented by Beth Janicki Clark. 15 complaints were reported on the hotline for the 12 months ending 10/31/22. 14 complaints were external and there was one internal staff complaint. 5 out of 14 external complaints were for member services and 2 were complaints unrelated to IMRF. 1 elected official hours complaint is still open and set for follow up. 14 complaints were closed.

There were 2 internal complaints received outside of the hotline. 1 out of 2 internal complaints resulted in termination due to code of conduct violation. The code of conduct training was completed by 100% of staff not on FMLA during Spring and Fall of 2022. Fall training included harassment training as required by law and was also completed by 100% of the Board. Quiz results were over 90% for both trainings, demonstrating a high level of comprehension.

(22-11-04 B) (Report on the 2023 Employer Compliance Plan (Vlad Shuliga))

Report on the 2023 Employer Compliance Plan presented by Vlad Shuliga. In 2023, the goal is to focus on the 34% of employers that have not been audited. It is planned to audit 215 employers.

(22-11-05) (Presentation of the 2022 Internal Audit Work Performed by Crowe (Steve Gerschoffer; Sunny Sonani - Crowe))

The 2022 Internal Audit Work results presented by Crowe. Internal Audit Work performed related to the Information System Area (IS Risk Assessment; Cyber Security Assessment (CSA); IT General Controls (ITGC); External Penetration Assessment (EPA) and Internal Penetration Assessment (IPA). (Steve Gerschoffer; Sunny Sonani - Crowe)

2022 Internal Audit Work performed to the Information System Area resulted in one high risk, few moderate risks, and several low risk. It was noted the reports were very clean for 2022. The reports presented included:

- (A) Cybersecurity Risk Assessment - no high or moderate finding was noted. There were a handful of low risk and best practice findings noted. No risk to the organization was identified. Observations completed and determined all appropriate. There were 2 repeat findings; 1 finding was low and the other was best practices. There were not any recurring findings.
- (B) Information Technology General Controls - 3 findings were noted. 1 moderate and 2 lows. Related to inactivation of terminated users' access. Users access remained active after termination. Recommendation by Crowe was to that best practice was to inactivate users access after 24 hours. There were no repeat or recurring findings.
- (C) External Penetration Assessment by Crowe – the review was strong and there were not any high or moderate risks noted.
- (D) Internal Penetration Assessment by Crowe - This test was noted as the most comprehensive test. There were 9 items. 1 high risk finding noted. It was noted that the penetration into the office was stopped by an IMRF employee.

(22-11-06) (Presentation of External Audit Services Plan – IMRF Report (Theresa Banka; Timothy Bowling – Plante Moran))
External Audit Services Plan presented by Plante Moran.

(22-11-07) (Presentation of 2023 Internal Audit Plan (Elisa Juhasz))
2023 Internal Audit Plan presented by Elisa Juhasz.

(22-11-08) (Acceptance of the Internal Audit Charter (Elisa Juhasz))
Motion to approve by Trustee Kosiba, seconded Trustee Kuehne. Roll call 6-0

(22-11-09) (Other Business)
No other business noted.

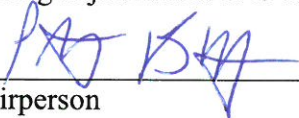

(22-11-10) (Draft of Fraud Matrix (Mark Nannini))
Draft of Fraud matrix presented to the Audit Committee. Request was made by Trustees to reformat the contents to fit the screen better.

(22-11-11) (Executive Session)

Motion to go into executive session for a meeting with internal and external auditors under section 2 (c) (29) of the Open Meetings Act was made by Trustee Kuehne, seconded Trustee Stefan. Roll call 6-0

(22-11-12) (Motion to Adjourn)

Meeting adjourned at 8:45 A.M. Motion by Gwen Henry, seconded by Tom Kuehne

	<u>05-26-2023</u>
Chairperson	Date
	<u>5/26/23</u>
Clerk	Date

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.

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(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.

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

(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 Kosiaba 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 Kosiaba 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.

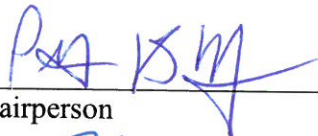

(22-05-09 B) (Updated Handout on Fraud Awareness, Identification and Reporting by IMRF (Elisa Juhasz, Internal Audit Officer) (Mark Nannini, Chief Financial Officer))

(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>05-26-2023</u>
Chairperson	Date
	<u>5/26/23</u>
Clerk	Date

