

# Illinois Municipal Retirement Fund

## Meeting No: 15-9-A

### Audit Committee

The Audit Committee met via teleconference on Wednesday, September 16, 2015, at 9:30 AM. Committee members Henry and Stanish were present. Committee member Kuehne did not attend. IMRF staff members Kosiba, Nannini, Duquette and Bianchetta were present. Internal Auditor Davidyan participated via teleconference.

(15-9-01) Chairperson Henry called the meeting to order at 9:30 AM.

#### (15-9-02) (Approval of Minutes)

Minutes from the August 28, 2015 Audit Committee Meeting were approved on a motion by Stanish, seconded by Henry. The motion carried unanimously.

#### (15-9-03) ((Request for Proposals Auditing Services)

The Committee discussed the Request for Proposals document and the related RFP Bid List of Audit Firms. After a brief discussion, the Committee agreed that the Bid List is not a public document and therefore did not need to be posted to the website. The Committee found the Request for Proposals document to be comprehensive. Thus, a motion to adopt the document was made by Stanish, seconded by Henry. The motion was unanimously approved. The Request for Proposals Auditing Services document will be posted to the IMRF website.

#### (15-9-04) (Review of KPMG Audit Engagement)

Executive Director Louis Kosiba met with Kurt Gabouer of KPMG to discuss the outstanding billing with KPMG. They agreed on splitting the final bill in half. The original bill was \$238,688 and the agreed-upon amount was \$119,344. After the verbal agreement, KPMG billed an additional \$5,000 for expenses. The Committee discussed the additional billing and concurred that IMRF should only be obligated for the agreed-upon amount of \$119,344 and decided that the additional \$5,000 should not be paid.

In addition, KPMG billed IMRF \$25,000 plus \$7,000 of expenses related to the Census data. This engagement was presented to the Committee in May 2015. Staff will investigate if there was prior approval.

#### (15-9-05) (Review of Illinois Auditor General Office on audit rotation)

The CFO, Mark Nannini, shared with the Audit Committee the State of Illinois Office of the Auditor General Audit Guide for Performing Financial Audits and Compliance Attestation Engagements. The document detailed the policy on auditor rotation, which provides up to six successive fiscal years. The Auditor General reserves the right to lengthen, shorten or otherwise modify the rotation policy. The Request for Proposal provides for the new contract which may be renewed four subsequent years for a total of a five year contract, which falls under the provisions set forth in the Auditor General's Audit Guide for auditor retention. Executive Trustee Stanish inquired as to whether IMRF could engage an auditor for the five year contract and then renew for an additional

year. The consensus was that this would be acceptable under the Auditor General’s guidelines. Chairperson Henry inquired as to the length of the KPMG contract. This was a six year contract with two optional year extensions. IMRF has exercised one optional year. IMRF may terminate the contract with 30 days’ notice. CFO Nannini will review the contract and provide KPMG with adequate notice.

(15-9-06) (Other Business)

CFO Nannini informed the Audit Committee about two employers that have contacted IMRF regarding receiving a GASB 68 audit opinion. He will speak with these employers and their auditors about providing census data directly to them so that they are able to prepare their audit disclosures using alternative procedures. The Audit Committee agreed that this was the best course of action based on the fact that they did not want to re-engage KPMG. Furthermore, the Committee expressed concern that if the employer wanted information from KPMG then the employer would be financially responsible for any related audit fees.

(15-9-07) (Adjournment)

A motion was made by Executive Trustee Stanish, seconded by Chairperson Henry to adjourn the meeting. The motion was unanimously approved at 9:47 a.m. The Audit Committee will reconvene on November 20, 2015.

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Chairperson

Date

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Clerk

Date