

## **Illinois Municipal Retirement Fund**

### **Meeting No: 21-11-A**

#### **Audit Committee**

The Audit Committee met in person and on virtual online platform on Friday, November 19, 2021, at 8:00 A.M. Trustees Tom Kuehne, Sue Stanish, Natalie Copper, Peter Stefan, Gwen Henry, and David Miller was present. Louis Kosiba met by Virtual attendance. IMRF staff present were Mark Nannini, David Adamski, Elisa Juhasz, Brian Collins, Beth Janicki Clark, Vlad Shuliga, Brandi Smith, Bryan Langs and Keyla Vivas. External auditors present were Steve Gerschoffer; Sunny Sonani of Crowe. Also present were via virtual attendance Michelle Watterworth, Theresa Banka and Tim Bowling of Plante Moran.

(21-11-01) Chairperson Kuehne called the meeting to order at 8:00 AM.

Roll call Kuehne, Stefan, Copper, Standish

#### (21-11-02) (Public Comments)

No comments were noted.

(21-11-03) (Approval of the Minutes of the May 28, 2021, Virtual Audit Committee Meeting)  
The Audit Committee approved the minutes from the May 28, 2021, Virtual Audit Committee Meeting.

Motion to approve by Trustee Stanish, seconded by Trustee Copper. Roll Call 4-0

#### (21-11-04 A) (Annual Report on Compliance Activity (Beth Janicki Clark))

Annual Report on Compliance Activity presented by Beth Janicki Clark. 9 complaints were reported on the hotline. 8 of the 9 complaints were external. All complaints were addressed. 1 complaint was internal and resolved. The code of conduct was completed by staff during spring and fall of 2021. New to 2021, there were quizzes administered after the training was completed. 100% of staff completed the training. Average scores were 95% in the spring of 2021 and 94% this fall. Training was completed virtually. Training was also offered to IMRF's external consultants.

#### (21-11-04 B) (Presentation of Employer Compliance Plan, established in 2021).

Presentation of the 2021 Employer Compliance Plan by Vladimir Shuliga. In 2022, staff is proposing auditing 3% of employers. It is planned to audit 190 employers. IMRF is seeking ways to increase review of unaudited employers. Vlad Shuliga is planning on attending a few of the audit to gain exposure to the process.

(21-11-05) (Presentation of 2021 Internal Audit Work Performed Related to the Information System Area Performed by Crowe (Steve Gerschoffer; Sunny Sonani - Crowe))

Presentation of the results of the 2021 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)

2021 Internal Audit Work Performed Related to the Information System Area resulted in a few medium risks and several low risk. It was noted the reports were very clean for 2021. 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. Also, there were not any repeat findings.
- (B) Information Technology General Controls – 3 findings were noted. 1 moderate and 2 lows. Related to information security assessment. There was not an IT Security assessment in place. Recommendation by Crowe was to develop Risk Assessment which captures all areas of the organization. It was made known this process will take and extended time.
- (C) External Penetration Assessment by Crowe – Historically this process lasts within a 2-week period. In 2021, the completion of this test spanned over 7-8 weeks. There were not any high or moderates' risks noted. There was a handful of low risk finding noted. Management addressed all issues
- (D) Internal Penetration Assessment by Crowe – This test was noted as the most comprehensive test. There were not any high-risk findings noted. There were 3 moderated findings noted.
  - There were a few systems patches which were out of date. Vendor system – management was required to reach out to vendor to have more frequent patches. Other small handful of patches were noted as not updated.
  - Crowe identified a staff member with administrative privileges that the password was fairly easy to determine. Management to recommend changing password.
  - Crowe identified 3-4 accounts which may have more access than needed. Management determined the actual access was needed for business operations.

(21-11-06) (Acceptance of 2022 Crowe Engagement Letter

Motion to approve by Trustee Stanish, seconded by Trustee Copper. Roll Call 4-0

(21-11-07) (Presentation of External Audit Service Plan - IMRF's Report (Michelle Watterworth; Theresa Banka; Timothy Bowling - Plante Moran)

Presentation of External Audit Service Plan by Plante Moran as our new financial auditors. Co – partners Michelle Watterworth and Theresa Banka on financial audit and Tim Bowling on SOC 1

Type 2 audit. The services that are to be provided were explained to the Audit Committee as well as the proposed changes.

(21-11-08) (Acceptance of 2021 Plante Moran Contract for Audit and 2022 SOC 1 Type 2 Report)

2021 Plante Moran Contract for Audit and 2022 SOC 1 Type 2 Report was accepted at the August board meeting.

Motion to approve by Trustee Stefan, seconded by Trustee Copper. Roll Call 4-0

(21-11-9) (Presentation of 2021 Internal Audit Plan (Elisa Juhasz))

Presentation of 2021 Internal Audit Plan and acceptance by the committee by Chief Internal Officer Elisa Juhasz.

Motion to approve by Trustee Stanish, seconded by Trustee Stefan. Roll Call 4-0

(21-11-10) (Acceptance of the Revised Internal Audit Charter (Elisa Juhasz))

Motion to approve by Trustee Stanish, seconded by Trustee Stefan. Roll Call 4-0

(21-11-11) (Other Business)

No other business noted.

(21-11-12) (Handouts)

Draft of Fraud matrix presented to the Audit Committee.

(21-11-13) (Executive Session)

- A. Private session with External Auditors
- B. Private Session with Internal Auditors

(21-11-14) (Motion to Adjourn)

Meeting Adjourned at 9:31 am Motion to Adjourned by Trustee Stanish, seconded by Trustee Stefan. Roll Call 4-0

<u>                    <i>Sue Stanish</i></u>	<u>                                    5/27/22</u>
Chairperson	Date
<u>                    <i>Moulet Kaminini</i></u>	<u>                                    5/27/22</u>
Clerk	Date

