

Illinois Municipal Retirement Fund

Meeting No: 23-11-A

Audit Committee

The Audit Committee met in person and via virtual online platform on Friday, November 17, 2023, at 8:00 A.M. Trustees Peter Stefan, Sue Stanish, Natalie Copper, Gwen Henry, Tom Kuehne, and Jeffrey Stulir were present. IMRF staff Mark Nannini, Sharon Brown, Brian Collins, Vlad Shuliga, David Doney, Keyla Vivas, Bryan Langs, Jesus Anaya, Dawn Seputis, Brandi Smith, and Mark Chevchek were present. External auditors Kristin Hunt, and Timothy Bowling of Plante Moran were present. External auditor David Anderson of Clifton Larson Allen was present. Ray Smith of Provaliant was present.

(23-11-01) Chairperson Stefan called the meeting to order at 8:00 AM.

(23-11-02) (Public Comments)

No comments were noted.

(23-11-03A) (Approval of the Minutes of the May 26, 2023, Virtual/In Person Audit Committee Meeting)

The Audit Committee approved the minutes from the May 26, 2023, Virtual/In Person Audit Committee Meeting.

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

(23-11-03B) (Approval of the Minutes of the May 26, 2023, Closed Session Audit Committee Meeting)

The Audit Committee approved the minutes from the May 26, 2023, Closed Session Audit Committee Meeting.

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

(23-11-04 A) (Annual Report on Compliance Activity (Vlad Shuliga))

Annual Report on Compliance Activity presented by Vlad Shuliga. 19 complaints were reported on the hotline. 17 of the 19 complaints were external. All external complaints were addressed and closed. 2 complaints were internal. All internal complaints were addressed and closed. The Code of Conduct training was conducted via video format in the Spring and Fall of 2023. 100% of staff completed the training during the Spring of 2023. 100% of staff who were not on FMLA and 100% of IMRF Board members completed the training during the Fall of 2023. Quizzes were administered after completion of the training. Average scores were 92% in the Spring and 93% in the Fall of 2023. Training was offered to the external consultants as well.

(23-11-04 B) (Report on the 2024 Employer Compliance Review Plan (Vlad Shuliga))

Report on the 2024 Employer Compliance Review Plan presented by Vlad Shuliga. The 2024 proposed scope for Employer Compliance Review is for staff to audit 215 employers. This is less than 3% membership. The proposed scope includes follow-up reviews and first-time audits.

(23-11-05) (Presentation of the 2023 Internal Audit Work Performed by Clifton Larson Allen (David Doney, David Anderson - CLA))

The 2023 Internal Audit Work results presented by David Doney and David Anderson - CLA. Internal Audit Work performed related to the Information System Area: External Penetration Assessment (EPA), Remote Social Engineering (RSA), Internal Penetration Assessment (IPA), and Wireless Network Security Assessment (WNSA).

The 2023 Internal Audit Work performed related to the Information System Area resulted in the following:

- (A) External Penetration Assessment: CLA was unable to gain access to IMRF systems or sensitive data from the outside (from the internet).
- (B) Remote Social Engineering – Email Phishing: 3 out of 249 employees clicked on a link within a phishing email and provided credentials. No unauthorized access was obtained from the credentials provided.
- (C) Internal Penetration Assessment: CLA was able to find high risk vulnerabilities on the internal systems that allowed CLA to gain administrative rights to the network.
- (D) Wireless Network Security Assessment: CLA identified no critical or high-risk vulnerabilities in the wireless network.

(23-11-06) (Acceptance of 2023 Internal Audit Work Performed by Clifton Larson Allen (David Doney))

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

(23-11-07) (Presentation of External Audit Services Plan – IMRF Report (Kristin Hunt; Timothy Bowling – Plante Moran - virtually))

External Audit Services Plan presented by Plante Moran.

(23-11-08) (Acceptance of 2024 Plante Moran Contract for Audit and SOC 1 Type 2 Report (Mark Nannini))

Contract was approved during the Audit Committee meeting held on May 26, 2023.

(23-11-09) (Discussion on Provaliant Independent Verification and Validation (IV&V) Activities in the Horizon System (David Doney, Keyla Vivas, and Ray Smith – Provaliant))

Discussion on Provaliant Independent Verification and Validation (IV&V) Activities were held with the Audit Committee.

(23-11-10) (Presentation of 2024 Internal Audit Plan and Charter (David Doney))
Internal Audit Plan and Charter presented to the Audit Committee.

(23-11-11) (Acceptance of the Internal Audit Plan and Charter (David Doney))
Motion to approve by Trustee Stulir, seconded Trustee Copper. Roll call 6-0

(23-11-12) (Draft of Fraud Matrix (Mark Nannini; David Doney))
Draft of Fraud matrix presented to the Audit Committee.

(23-11-13) (Other Business)
No other business noted.

(23-11-14) (Executive Session)
The Audit Committee had private sessions with the external and internal auditors.
Motion to approve by Trustee Copper, seconded Trustee Stulir. Roll call 6-0

(23-11-15) (Motion to Adjourn)
Meeting adjourned at 9:06 A.M.

<u>Paul W. Keila</u>	<u>May 31, 2024</u>
Chairperson	Date
<u>Mark Nannini</u>	<u>5/31/24</u>
Clerk	Date

