

**MINUTES OF THE
AUDIT & COMPLIANCE COMMITTEE**

Friday, September 30, 2022 – 9:00 A.M.
180 N. LaSalle St., Suite 2015
Chicago, IL 60601

Present:	<u>Committee Members</u>	Committee Chairwoman Elizabeth Sanders Gisela Attlan Michael Tarnoff Judge Debra Walker
	<u>Board Members</u>	Board Chairman Terrence Healy Jaye Williams
	<u>Staff</u>	Genette Bacon-Cordova Mary Cahill Johara Farhadieh Jansen Hein Maryann Hong Jennifer Koelle Dipesh Mehta Nadia Oumata Alex Somolski Atul Talwar
	<u>Guests</u>	Burke Burns & Pinelli, Ltd. Sarah Boeckman (via audio conference) KPMG Cathy Baumann Anthony Solano
Not Present:	<u>Committee Members</u>	Comptroller Susana Mendoza

ROLL CALL

Board Chairman Healy called the meeting to order at 9:04 a.m. at the Illinois State Board of Investment office, 180 N. LaSalle St., Suite 2015, Chicago. Mr. Mehta called the roll and noted a quorum was present.

Trustee Walker moved that Trustee Mendoza be allowed to participate in the meeting via audio conference pursuant to Section 7(a) of the Open Meetings Act. Trustee Tarnoff seconded, and the motion passed unanimously.

APPOINTMENT OF STANDING COMMITTEE

Pursuant to the Board Bylaws, Board Chairman Healy appointed the following members to the Audit & Compliance Committee: Trustee Sanders, Trustee Tarnoff, Trustee Attlan, Trustee Mendoza, and Trustee Walker.

ELECTION OF AUDIT & COMPLIANCE COMMITTEE CHAIR

Pursuant to the Board Bylaws, Trustee Tarnoff nominated Trustee Sanders to be the Chair of the Audit & Compliance Committee. There were no other nominations. Trustee Tarnoff moved that the committee appoint Trustee Sanders as Chair of the Audit & Compliance Committee. Trustee Walker seconded, and the motion passed unanimously.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE CHAIR

None.

CONSIDERATION AND APPROVAL OF MINUTES

Trustee Tarnoff moved to approve the minutes, as presented, from the March 22, 2022 Audit & Compliance Committee meeting. Trustee Attlan seconded, and the motion passed unanimously, with Trustee Walker abstaining.

FISCAL YEAR 2022 AUDIT PRESENTATION BY KPMG

Representatives from KPMG introduced themselves and directed trustees to the presentation materials. Ms. Baumann and Mr. Solano gave an overview of KPMG's role and responsibilities in ISBI's Fiscal Year 2022 audit. The KPMG representatives also discussed the timeline for the audit, as well as their approach to materiality, risk assessment, responsibilities, and other factors relevant to ISBI. Chairman Healy asked whether KPMG had any concerns or recommendations, and Ms.

Baumann responded that at this point in the process KPMG had no concerns and had received the full cooperation of ISBI's management in the audit process.

CONSIDERATION AND APPROVAL OF FINANCIAL STATEMENTS (3/31/22)

Mr. Hein referred trustees to the Financial Statements from March 31, 2022. Trustee Tarnoff asked about the decrease in withdrawals from member systems, and Mr. Hein explained that prompt payments from the Comptroller's Office have decreased the necessity for member system withdrawals. Trustee Tarnoff also asked whether any increase in such withdrawals is anticipated, and Ms. Farhadieh and Trustee Martwick proceeded to provide more information on the timing of upcoming benefit needs and state contributions to the retirement systems. There were no further questions.

Trustee Walker moved that the Financial Statements from March 31, 2022 be approved and accepted for filing, as presented, consistent with the recommendation of ISBI staff. Trustee Tarnoff seconded, and the motion passed unanimously.

CONSIDERATION FOR ACCEPTANCE AND FILING OF RECORD OF VOUCHERS (APRIL, MAY, JUNE 2022)

Mr. Hein referred trustees to the Record of Vouchers paid in April, May, and June of 2022. Committee Chairwoman Sanders inquired about specific vouchers and Mr. Hein and Mr. Mehta provided background on the items in question. Ms. Farhadieh also added additional context on certain expenses. There were no further questions.

Trustee Walker moved that the Record of Vouchers be approved and accepted for filing, as presented, consistent with the recommendation of ISBI staff. Trustee Attlan seconded, and the motion passed unanimously.

ACTUAL VS. PROJECTED BUDGET FORECAST AS OF JUNE 30, 2022

Mr. Hein referred trustees to the Actual vs. Projected Budget Forecast as of June 30, 2022 in the meeting materials. Mr. Hein stated that across all categories ISBI is under budget for the year and discussed individual line items where costs were higher than anticipated. Trustee Tarnoff inquired about the office lease and Mr. Hein and Ms. Farhadieh provided further detail. Committee Chairwoman Sanders asked if there were any further questions and there were none.

ETHICS MATTERS

Consideration and Approval of Agent Contact Report

Mr. Mehta directed trustees to the Agent Contact Report for the first quarter of Fiscal Year 2023.

Trustee Walker moved that the Agent Contact Report, as presented, be approved and accepted for filing, as recommended by ISBI staff. Trustee Tarnoff seconded, and the motion passed unanimously.

Consideration and Approval of Fiduciary Training Opportunities

Mr. Mehta referred trustees to the September 2022 list of Upcoming Training Opportunities, previously provided, and noted that travel expenses are reimbursable if approved in advance, consistent with the requirements of the Illinois Pension Code and ISBI's policies. Trustee Walker inquired as to what types of professional training qualify, and Mr. Mehta clarified. Trustee Atlan moved that the conferences and trainings listed on the September 2022 list of Upcoming Training Opportunities, as presented, be approved pursuant to Section 1-150 of the Illinois Pension Code and that all resulting allowable expenses be reimbursed, consistent with ISBI's policies. Trustee Walker seconded, and the motion passed unanimously.

NEW BUSINESS/OLD BUSINESS

None.

PUBLIC COMMENT

None.

NEXT MEETING AND ADJOURNMENT

Committee Chairwoman Sanders noted that the next meeting was tentatively scheduled for December 15-16, 2022. At 9:37 a.m., there being no further business to come before the committee, Trustee Walker moved to adjourn the meeting. Trustee Atlan seconded, and the meeting was adjourned.

Respectfully submitted,



Johara Farhadieh, Executive Director/
Chief Investment Officer