



# **Audits & Risk Management Committee**

## **Item Number 2 – Open Session**

**Subject:** Approval of Minutes of the March 1, 2023, Audits and Risk Management Committee – Open Session

**Presenter(s):** Chairperson

**Item Type:** Consent Action

**Date & Time:** November 2, 2023 – 0 minutes

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**Attachment(s):** None

**PowerPoint(s):** None

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### **PROPOSED MINUTES**

**Teachers' Retirement Board –Audits & Risk Management Committee Meeting**

**March 1, 2023**

**OPEN SESSION**

**LOCATION: Board Room, 100 Waterfront Place, West Sacramento, CA 95605**

#### **COMMITTEE MEMBERS PRESENT**

Denise Bradford, Chairperson

Harry Keiley, Vice Chairperson

Karen Yamamoto

Frank Ruffino, representing the State Treasurer, Fiona Ma

Jennifer Whitaker, representing the Director of Finance, Joe Stephenshaw

Blake Johnson, representing the State Superintendent of Public Instruction, Tony Thurmond

Lynn Paquin, representing the State Controller, Malia M. Cohen

#### **OTHER BOARD MEMBERS PRESENT**

Michael Gunning

Ken Tang

#### **STAFF PRESENT**

Cassandra Lichnock, Chief Executive Officer

Christopher Ailman, Chief Investment Officer

Brian J. Bartow, General Counsel

Lisa Blatnick, Chief Operating Officer  
Ashish Jain, Chief Technology Officer  
Melissa Norcia, Chief Administrative Officer  
Bill Perez, Chief Benefits Officer  
Teresa Schilling, Chief Public Affairs Officer  
Julie Underwood, Chief Financial Officer  
Cheryl Cervantes Dietz, Chief Auditor  
Roseanne Oyoung, Supervising Management Auditor  
Chris Wall, Supervising Management Auditor  
Lynn Bashaw, Director of Enterprise Risk Management & Compliance Services  
David Somers, Staff Services Manager II  
Jeff Zimmer, Director of Employer Services  
Braden Pate, Senior Counsel

**OTHERS PRESENT**

Dr. Robert Yetman (Audits and Risk Management Committee Financial Expert)  
Jen Aras, Independent Auditor, Crowe LLP  
Kevin Smith, Independent Auditor, Crowe LLP  
Dave Davini, ACSA  
Pat Geyer, CalRTA  
Kevin Welch, CTA  
MaryKay Scheid, CTA  
Dana Dillon, CTA/NEA-Retired  
Don Stauffer, CTA/NEA-Retired  
Leonard Goldberg, CTA/UTLA

A quorum being present, Chairperson Cohen called the Open Session meeting of the Audits and Risk Management Committee meeting to order at 9:19 a.m.

**I. APPROVAL OF COMMITTEE AGENDA (Item 1)**

**MOTION** duly made by Mr. Keiley, seconded by Ms. Yamamoto, and carried to approve the Committee Agenda.

Members Voting	Aye	Nay	Abstain
Mr. Keiley	X		
Ms. Yamamoto	X		
Mr. Johnson, for the State Superintendent of Public Instruction	X		
Ms. Paquin, for the State Controller	X		
Mr. Ruffino, for the State Treasurer	X		
Ms. Whitaker, for the Director of Finance	X		
Chairperson Bradford	X		

**II. APPROVAL OF MINUTES FOR THE NOVEMBER 2, 2022, AUDITS AND RISK MANAGEMENT COMMITTEE MEETING – OPEN SESSION (Item 2)**

**MOTION** duly made by Ms. Yamamoto, seconded by Ms. Whitaker, and carried to approve the minutes of the November 2, 2022, Audits and Risk Management Committee Meeting – Open Session by unanimous consent.

Members Voting	Aye	Nay	Abstain
Mr. Keiley	X		
Ms. Yamamoto	X		
Mr. Johnson, for the State Superintendent of Public Instruction	X		
Ms. Paquin, for the State Controller			X
Mr. Ruffino, for the State Treasurer	X		
Ms. Whitaker, for the Director of Finance	X		
Chairperson Bradford	X		

**III. 2022 MANAGEMENT LETTER PROGRESS REPORT (Item 3)**

The committee received a status report from Ms. Cervantes Dietz on management’s progress towards implementing the recommendations included in the Independent Financial Statement Auditor’s Management Letter, dated October 6, 2022.

**IV. FINANCIAL STATEMENT AUDIT CLIENT SERVICE PLAN FOR FY 2022-23 (Item 4)**

The committee received a presentation from Mr. Smith and Ms. Aras on the Client Service Plan for performing an audit of CalSTRS basic financial statements for the current fiscal year ending June 30, 2023. The committee learned about the audit engagement team, scope and deliverables, audit approach, and audit timeline. The committee discussed Crowe LLP’s processes for valuing investments, detecting potential fraud, and use of outside entities to assist in reviewing CalSTRS’ statements. The committee also discussed the largest identified risks to the organization.

**V. 2022 ENTERPRISE COMPLIANCE SERVICES PLAN FINAL PROGRESS REPORT AND 2023 COMPLIANCE PLAN PROGRESS REPORT (Item 5)**

The committee received a report from Ms. Bashaw and Mr. Somers on the Enterprise Compliance Services’ 2022 Compliance Plan results and an update on the 2023 Compliance Plan.

**VI. 2022 AUDIT SERVICES AUDIT PLAN FINAL PROGRESS REPORT (Item 6)**

The committee received a presentation from Ms. Cervantes Dietz, Ms. Oyoung, and Mr. Wall on the Audit Services' Calendar Year 2022 Audit Plan results. The committee discussed the breakdown between the numbers of full-scope and limited scope audits, whether technology will help make the auditing process more efficient, and CalSTRS' ability to track improvements in reporting for employers that have been previously audited.

**VII. COMMITTEE EDUCATION: ENTERPRISE RISK MANAGEMENT & COMPLIANCE SERVICES FRAMEWORK AND MATURITY RECOMMENDATIONS (Item 7)**

Ms. Underwood and Ms. Bashaw provided the committee with education on CalSTRS Enterprise Risk Management Framework and provided the results of the Enterprise Risk Management and Compliance Maturity Assessment, in support of the CalSTRS Strategic Plan Goal 1, Objective E: Enhance how risks are defined, viewed, and managed, and Goal 3, Objective D: Strengthen preparedness capabilities to address change and disruptions.

**VIII. REVIEW INFORMATION REQUESTS (Item 8)**

There were no requests for information.

**IX. DRAFT AGENDA FOR NEXT COMMITTEE MEETING (Item 9)**

There were no changes to the draft agenda.

**X. OPPORTUNITY FOR ADDITIONAL STATEMENTS FROM THE PUBLIC (Item 10)**

There were no statements from the public.

**XI. ADJOURNMENT**

There being no further business to conduct, Chairperson Bradford adjourned the Audits and Risk Management Committee meeting at 10:40 a.m.

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Cassandra Lichnock, Chief Executive Officer  
And Secretary to the Teachers' Retirement Board

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Denise Bradford, Chairperson

Prepared by: Braden Pate, Senior Counsel