



Audits & Risk Management Committee

Item Number 2 – Open Session

Subject: Approval of Minutes of the March 5, 2021, Audits and Risk Management Committee – Open Session – Revised

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: July 9, 2021 – 0 minutes

Attachment(s): None

PowerPoint(s): None

PROPOSED MINUTES

Teachers' Retirement Board –Audits & Risk Management Committee Meeting

DATE

OPEN SESSION

LOCATION: Web Conference

COMMITTEE MEMBERS PRESENT

Lynn Paquin, representing the State Controller, Betty Yee, Chairperson

Joy Higa, Vice Chairperson

Karen Yamamoto

Jennifer Whitaker, representing the Director of Finance, Keely Bosler

Frank Ruffino, representing State Treasurer, Fiona Ma

Keith Yamanaka, representing State Superintendent of Public Instruction, Tony Thurmond

STAFF PRESENT

Jack Ehnes, Chief Executive Officer

Christopher Ailman, Chief Investment Officer

Brian J. Bartow, General Counsel

Lisa Blatnick, Chief of Administrative Services

Ashish Jain, Chief Technology Officer

Cassandra Lichnock, Chief Operating Officer

Bill Perez, Chief Benefits Officer

Julie Underwood, Chief Financial Officer

Scott Chan, Deputy Chief Investment Officer

Larry Jensen, Chief Auditor

Cheryl Cervantes Dietz, Enterprise Compliance Services Director

Mike Dutil, Supervising Management Auditor, Employer Audits

Roseanne Oyoung, Supervising Management Auditor, Internal Audits

Rick Reed, System Actuary

Braden Pate, Counsel

OTHER PRESENT

Dr. Robert Yetman (Audits and Risk Management Committee Financial Expert)

Jen Aras, Crowe LLP

Kevin Smith, Crowe LLP

A quorum being present, Lynn Paquin, representing Controller Yee called the Open Session meeting of the Audits and Risk Management Committee meeting to order at 1:47 p.m.

I. APPROVAL OF COMMITTEE AGENDA (Item 1)

MOTION duly made by Mr. Ruffino, seconded by Ms. Higa, and carried to approve the Committee Agenda by consent.

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

II. APPROVAL OF MINUTES FOR THE NOVEMBER 6, 2020, AUDITS AND RISK MANAGEMENT COMMITTEE MEETING – OPEN SESSION (Item 2)

MOTION duly made by Ms. Whitaker, seconded by Ms. Higa, and carried to approve the minutes for the November 6, 2020 Audits and Risk Management Committee meeting by consent.

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

III. PROGRESS REPORT ON THE 2020 INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND MANAGEMENT LETTER (Item 3)

The committee received a status report on management’s progress towards implementing the recommendations included in the 2020 Independent Auditor’s Report on Internal Control Over Financial Reporting and Management Letter, dated October 22, 2020.

IV. FINANCIAL STATEMENT AUDIT CLIENT SERVICE PLAN FOR FY 2020-21 (Item 4)

The committee received an overview of the Crow LLP Client Service Plan for performing an audit of CalSTRS basic financial statements as to and for the year ended June 30, 2021. The committee received information regarding Crowe LLP’s client service team, its services and deliverables for the fiscal year, and the firm’s audit plan timeline.

V. 2020 INTERNAL AUDIT PLAN FINAL PROGRESS REPORT (Item 5)

The committee received a presentation from Mr. Jensen, Mr. Dutil, and Ms. Oyoung on the Audit Service’s Calendar Year 2020 Audit Plan results. Mr. Dutil gave a detailed report on the Employer Audit results and findings, and Ms. Oyoung gave a detailed report on the results and findings related to internal audits. The committee discussed the progress being made on remaining internal audit findings and the lessons learned from shifting to remote auditing as a result of the pandemic.

VI. 2020 ENTERPRISE COMPLIANCE SERVICES PLAN FINAL PROGRESS REPORT (Item 6)

Ms. Dietz provided the committee with a report on the Enterprise Compliance Services’ 2020 Compliance Plan results, including updates on governance, third party risk management, and overall compliance monitoring. Ms. Dietz also informed the committee that Enterprise Compliance Services is now fully staffed.

VII. FY 2021-22 COMMITTEE WORK PLAN (Item 7)

The committee received a draft fiscal year 2021-22 work plan from Mr. Jensen and Ms. Underwood. Mr. Jensen outlined key plan activities for the committee, including committee governance, internal audit oversight, external financial statement audit oversight, compliance reporting and oversight, and financial reporting oversight.

VIII. COMMITTEE EDUCATION: ENTERPRISE COMPLIANCE RISK MANAGEMENT – ACHIEVING THE BASICS AND PATHWAYS TO BEST PRACTICES (Item 8)

The committee received a presentation from Ms. Connor on Enterprise Compliance Risk Management – Achieving the Basics and Pathways to Best Practices. Ms. Conner discussed the pathways and processes involved when establishing and maturing an

enterprise compliance program. The committee discussed legal and regulatory changes with the new federal administration and how to successfully manage such a vast regulatory framework. The committee also discussed issues related to the pending leadership transition at Chief Executive Officer.

IX. REVIEW OF INFORMATION REQUESTS (Item 9)

Pursuant to item 7, the committee requested information on conferences, classes, and other informational opportunities to further their education on topics related to Audits and Risk Management Committee.

X. DRAFT AGENDA FOR THE NEXT COMMITTEE MEETING (Item 10)

There were no changes to the draft agenda.

XI. OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC (Item 11)

There were no statements from the public.

XII. ADJOURNMENT

There being no further business to conduct, Lynn Paquin adjourned the Audits and Risk Management Committee meeting at 4:01 p.m.

Jack Ehnes, Chief Executive Officer
And Secretary to the Teachers' Retirement Board

State Controller Betty Yee, Chairperson

Prepared by: Braden Pate, Counsel