

Audit Committee Meeting

April 2017



Teacher Retirement System of Texas
1000 Red River Street, Austin, Texas 78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS
BOARD OF TRUSTEES
AND
AUDIT COMMITTEE**

(Mr. Moss, Chairman; Ms. Charleston; Mr. Corpus; Dr. Gibson, Committee Members)

*All or part of the April 7, 2017, meeting of the TRS Audit Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5th Floor, Boardroom.***

AGENDA

**April 7, 2017 – 8:30 a.m.
TRS East Building, 5th Floor, Boardroom**

1. Call roll of Committee members
2. Approve minutes of February 23, 2017 Audit Committee meeting – Christopher Moss
3. Receive Compliance reports – Heather Traeger
4. Receive Internal Audit reports
 - A. Quarterly Investment Compliance Testing (Agreed-Upon Procedures) – Hugh Ohn and Heather Traeger
 - B. Follow-Up Audit on Outstanding Audit Recommendations (Employer Audits) – Jan Engler, Dinah Arce and Cari Casey
 - C. Prior audit and consulting recommendations – Jan Engler and Amy Barrett
5. Discuss or consider Internal Audit administrative reports and matters related to governance, risk management, internal control, compliance violations, fraud, regulatory reviews or investigations, fraud risk areas, audits for the annual internal audit plan, or auditors' ability to perform duties – Christopher Moss, Amy Barrett and Jan Engler

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Audit Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Audit Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

TAB 2

**TEACHER RETIREMENT SYSTEM OF TEXAS
AUDIT COMMITTEE MEETING MINUTES
FEBRUARY 23, 2017**

The Audit Committee of the Board of Trustees of the Teacher Retirement System of Texas met on February 23, 2017, in the boardroom located on the fifth floor of the TRS East Building offices at 1000 Red River Street, Austin, Texas.

Committee Members present:

Mr. Chris Moss, Chair
Ms. Karen Charleston
Mr. David Corpus
Dr. Greg Gibson

Other Board Members present:

Mr. John Elliott
Mr. David Kelly
Ms. Dolores Ramirez

Others present:

Brian Guthrie, TRS	Dan Barron, Grant Thornton
Ken Welch, TRS	Bhakti Patel, Grant Thornton
Carolina de Onís, TRS	Sabine Rahmana Garcia, Humana
Amy Barrett, TRS	Carla Whaley, Humana
Heather Traeger, TRS	Tiffany Calderon, Humana
Hugh Ohn, TRS	Brad Keoun, CUNY
Rodrigo Dominguez, TRS	Michael McCormick, Aon
Anandhi Mani, TRS	Philip Mullins, Texas State Employees Union
Lih-Jen Lan, TRS	Max Ates, Fort Worth ISD
Don Green, TRS	Charlotte Clifton, Texas Classroom Teachers Association
Cindy Haley, TRS	Gary Lane, State Street
Whitney Goodrum, TRS	Suresh Krishnamurthy, State Street
Jerry Albright, TRS	John Parnell, State Street
Sylvia Bell, TRS	
Kalena Hornekohl, TRS	
Katherine Farrell, TRS	

Audit Committee Chair Mr. Moss called the meeting to order at 8:05 a.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present. Ms. Charleston arrived shortly after roll call.

2. Approve minutes of the December 2, 2016 Audit Committee meeting – Christopher Moss.

On a motion by Dr. Gibson, seconded by Mr. Corpus, the proposed minutes for the December 2, 2016 Audit Committee meeting were approved as presented.

3. Receive report on Testing Performance Incentive Pay Calculations (Agreed-Upon Procedures) – Hugh Ohn.

Mr. Hugh Ohn reported Internal Audit had completed testing of the incentive compensation calculations for the plan year ending December 31, 2016. Mr. Ohn reviewed the three areas of testing performed. The first related to the participants eligibility, including salary information and job classifications. The second area dealt with the three award components that are used for calculating the exact award amounts. The third area tested the integrity of the calculation worksheets. Mr. Ohn stated that management has implemented an automated system to perform the incentive calculations. Since this was the transition year, management also ran the calculations using the manual Excel based system that has been used in previous years. He stated that testing evaluated the calculations produced from the manual process and additional procedures were performed to test input and output controls of the new automated system. Mr. Ohn reported it was a very clean year, there were no calculation errors or mistakes noted. He added that, as in prior years, the State Auditor's Office will come in later this year and perform their audit on the compensation calculations, pay-outs, and payment cycle.

4. Receive annual financial report overview for the period ended August 31, 2016 and results of the independent audit of the TRS Investment Company (TRICOT) – Cindy Haley and Don Green; Dan Barron and Bhakti Patel, Grant Thornton

- A. TRICOT annual financial report overview**
- B. Required communications of independent auditors to those charged with governance**
- C. TRICOT annual financial report**
- D. Communication of TRICOT internal control matters**

Ms. Amy Barrett provided an overview of the audit of the TRS Investment Company of Texas (TRICOT). Ms. Barrett stated the results are very positive for the audit with one item noted for improvement.

Ms. Cindy Haley reviewed the financial report for the TRICOT. She provided the background of the TRICOT office in London and the challenges faced in setting up payroll and taxes. Ms. Haley stated that in regards to the financial statements, TRICOT, while located in the United Kingdom, qualifies as a small entity, thus necessitating only one financial statement audit. She added that the audit was performed by Grant Thornton using the U.S. Governmental Generally Accepted Accounting Principles (GAAP) and that a clean, unqualified opinion was issued. There was one finding identified and controls have been enhanced to address it.

Mr. Dan Barron provided a general overview of the results of the Grant Thornton audit. Mr. Barron noted there were some minor areas for improvement but overall it was a very clean audit and the structure and controls were in place. Mr. Barron then reviewed the required communications for the audit which included a review of management's responsibility for

preparing the financial statement and the auditor’s responsibility to express an opinion about whether the financial statements are materially correct in accordance with GAAP.

Ms. Bhakti Patel presented the audit results. She stated they reviewed expenses in great detail because they are the driving factor of the financial statements. She stated they reviewed revenues and taxes as well. She reported that there were no material misstatements identified in any of the balances. Ms. Patel reported that an unmodified or a clean opinion was issued, there were no scope limitations, and they did not have any unresolved audit issues.

Ms. Patel said that a significant deficiency over internal controls was noted during the audit due to the number of adjustments that were needed. These adjustments included four adjusting entries during the audit and two passed audit adjustments. She said management corrected the misstatements for the four errors and has put processes in place so those errors will not occur again.

5. Discuss or consider Internal Audit administrative reports and matters related to governance, risk management, internal control, compliance violations, fraud, regulatory reviews or investigations, fraud risk areas, audits for the annual internal audit plan, or auditors' ability to perform duties – Christopher Moss and Amy Barrett

This item was not taken up.

The Audit Committee adjourned at 8:28 a.m.

Approved by the Audit Committee of the Board of Trustees of the Teacher Retirement System of Texas on April 7, 2017.

Attested by:

Christopher Moss
Chair, Audit Committee
Board of Trustees
Teacher Retirement Systems of Texas

Date

TAB 3

The information for this agenda item is confidential.

TAB 4

TAB 4A

QUARTERLY INVESTMENT COMPLIANCE TESTING
INVESTMENT POLICY STATEMENT (IPS), SECURITIES LENDING POLICY (SLP), PROXY VOTING POLICY, PERFORMANCE INCENTIVE PAY (PIP) PLAN, WIRE TRANSFER PROCEDURES, AND ETHICS POLICIES FOR EMPLOYEES AND CONTRACTORS
 CALENDAR QUARTER ENDED DECEMBER 31, 2016, EXCEPT AS NOTED

Business Objectives	1. <u>Board Reports</u> All required information is reported to the TRS Board of Trustees	2. <u>Investment Selection and Approval</u> Investments made are within delegated limits and established selection criteria	3. <u>Other (IPS, SLP, wire transfers, other reporting)</u> Risk limits are followed for other investment programs and activities	4. <u>Ethics Policies</u> Ethics filing and reporting requirements are met
Business Risks	Board is not informed of key investment decisions and critical information	Approvals and fundings exceed delegated limits	Risks exceed Board-established tolerances or management policies and procedures	Ethics policy requirements are not filed or reported
Management Assertions	All required information is reported to the Board	Approvals and fundings are within delegated limits and made for qualified managers	Programs are within risk limits and activities follow established policies and procedures	Ethics policies and requirements are being followed
Agreed-Upon Procedures	<ul style="list-style-type: none"> Compare Board reports to IPS requirements Trace sample information included in Board reports to supporting documentation 	<ul style="list-style-type: none"> Trace investments approved by the Internal Investment Committee (IIC) to supporting documentation Compare approval limits of new investments with IPS Obtain evidence that Placement Agent Questionnaires (PAQs) were received prior to investing 	<ul style="list-style-type: none"> Obtain evidence of IMD's reporting of a summary of managers/funds added or removed Check securities lending pool for compliance with investing guidelines Validate completeness of wires Recalculate Internal Public Markets staff's PIP alpha for the quarter ended 9/30/2016. Obtain senior management disclosure about known compliance violations 	<ul style="list-style-type: none"> Obtain evidence that employee disclosure statements were filed before the deadline Obtain evidence that contractors filed commencement of business, annual ethics compliance statements
Test Results	<ul style="list-style-type: none"> All reporting requirements were met Documentation provided support for the reports tested 	<ul style="list-style-type: none"> All investments tested were in compliance with approval limits PAQs were obtained for all investments tested 	<ul style="list-style-type: none"> All other policy and procedure requirements tested were met SLP violation – Lending agent allowed one borrower to exceed the borrowing limit 	<ul style="list-style-type: none"> All ethics filing and reporting requirements tested were met
Management Responses	N/A	N/A	Resolved – Information was provided via Transparency Report	N/A

Legend: **Red** - Significant to TRS **Orange** - Significant to Business Objectives **Yellow** - Other Reportable Exception **Green** - Positive Test Result/ No Exception



March 16, 2017

Carolina de Onis, TRS General Counsel

Subject: Report on Independent Testing of Investment Compliance

We have completed the **Quarterly Investment Compliance Testing** for the quarter ended December 31, 2016, as included in the *Fiscal Year 2017 Audit Plan*. The scope of this engagement included the requirements of the Investment Policy Statement (IPS), Securities Lending Policy (SLP), Proxy Voting Policy, Employee Ethics Policy, Code of Ethics for Contractors, Wire Transfer Procedures, and Performance Incentive Pay (PIP) Plan.

We performed the procedures that were agreed to by the TRS Legal & Compliance division. These procedures include tests that supplement the current compliance monitoring procedures performed by State Street and the Chief Compliance Officer.

This agreed-upon procedures engagement was performed in accordance with generally accepted government auditing standards contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

The sufficiency of the agreed-upon procedures performed is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described in **Appendix A** either for the purpose for which this report has been requested or for any other purpose.

Our testing procedures and results are included in **Appendix A**.

Internal Control Structure

We were not engaged to and did not perform an examination of the internal controls nor the operating effectiveness pertaining to the subject areas tested. Accordingly, we do not express an opinion on the suitability of the design of internal controls nor the operating effectiveness of the subject areas tested.

Had we performed additional procedures, or had we made an examination of the system of internal control, other matters might have come to our attention that would have been reported to you. This report relates only to the procedures specified below and does not extend to the internal control structure.

This report is intended solely for information and use by TRS management, the Board of Trustees, and oversight agencies, and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

* * * * *

We express our appreciation to management and key personnel of the Investment Management Division, Investment Accounting, and Legal & Compliance for their cooperation and professionalism shown to us during this quarterly testing.

Amy Barrett, CIA, CPA,
CISA Chief Audit Executive

Hugh Ohn, CIA, CPA, CFA, FRM
Director of Investment Audit Services

Anandhi Mani, CIA, CPA
Senior Investment Auditor

Rodrigo Dominguez
Internal Auditor

APPENDIX A
AGREED-UPON PROCEDURES AND RESULTS

STEP #	OBJ. #	TEST PURPOSE	TEST DESCRIPTION	TEST RESULT	MANAGEMENT RESPONSE
1	1	IPS Article 1.7a - 1.7p – Obtain evidence that all requirements were reported to Board of Trustees. Quarterly reporting requirements include investment performance, asset class exposures, and external investments under consideration. Semi-annual reports include outstanding derivatives, leverage, and liquidity positions, and risk limits	Obtain all information required to be reported to Board of Trustees and compare to reporting requirements per Investment Policy Statement (IPS)	Information required to be reported to Board of Trustees complied with IPS requirements.	No response required
2	2	IPS Article 1.8d – Obtain evidence that TRS complied with Chapters 806 and 807 of the Government Code relating to prohibitions on investments in Sudan and Iran, respectively.	<ul style="list-style-type: none"> • Ensure that responsible staff have updated Sudan/Iran restricted lists • Obtain evidence that TRS complied with the following requirements: (a) to notify the Comptroller’s Office and the Pension Review Board regarding holdings of restricted company securities; (b) to divest holdings; and (c) to file annual report of Sudan/Iran investment activity to the Legislature and the Attorney General 	<ul style="list-style-type: none"> • Investment Compliance staff updated Sudan/Iran restricted lists. • TRS complied with the notification requirement • TRS complied with divestment requirements. • TRS complied with the annual report requirements. 	No response required
3	2	IPS Article 1.3c – Obtain evidence of existence of IMD’s prudent underwriting objectives for advisor’s due diligence	Select sample of Private Market investments approved during testing period, obtain evidence of existence of advisor’s report stating investment opportunity meets prudent underwriting standards and merits inclusion within respective portfolios	For selected Private Markets approved investments for the quarter, verified that the prudence letter from the advisor was included in the Internal Investment Committee (IIC) materials.	No response required

STEP #	OBJ. #	TEST PURPOSE	TEST DESCRIPTION	TEST RESULT	MANAGEMENT RESPONSE
4	2	IPS Article 2.6a – Obtain existence of Internal Investment Committee (IIC) approval of all private and relevant public markets fund investments	For the private and public markets funds approved during the quarter, obtain existence of IIC approval	IIC approval existed for all funds we tested during the quarter.	No response required
5	2	IPS Article 7 – Obtain evidence that new investments in emerging managers meet requirements	Test sample of approved investments to verify: <ul style="list-style-type: none"> • Each is independent private investment management firm with less than \$2 billion • Each has a performance track record as a firm of less than 5 years, or both • TRS commitment did not exceed 40% of fund size 	N/A – There were no new Emerging Manager investments within the testing period.	No response required
6	2	IPS Article 12 - Obtain evidence of existence of placement agent questionnaire for each new investment selected for testing and test for inclusion in summary report to the Board	<ul style="list-style-type: none"> • For each investment selected for testing, verify that IMD obtained responses to the questionnaire • Obtain evidence that IMD compiled responses to the questionnaires and reported all results to the Board at least semi-annually 	Each investment tested had a completed questionnaire and was included in the summary report to the Board.	No response required
7	2	IPS Appendix B – Obtain evidence that investments approved are within policy limits	<ul style="list-style-type: none"> • Select sample of approved investments, obtain tear sheet for each, and observe the approved amounts are within authorized limits <ol style="list-style-type: none"> a) Initial allocation – .50% b) Additional or follow-on – 1% c) Total Manager Limits – 3% d) Total limit each manager organization – 6% • Obtain documentation from IMD staff that supports the calculations of the authorized limits • Inquire if any “Special Investment Opportunities” were made for the quarter 	For the sample investments tested, no manager or partner organization exceeded the authorized limits and documentation existed for IMD staff calculations of authorized limits. There were no Special Investment Opportunities.	No response required
8	2	IPS Appendix G – Obtain evidence that participation	<ul style="list-style-type: none"> • Obtain evidence that IMD compiles and reported all board positions to the Board 	Obtained evidence that TRS is in compliance with this policy.	No response required

STEP #	OBJ. #	TEST PURPOSE	TEST DESCRIPTION	TEST RESULT	MANAGEMENT RESPONSE
		in external advisory committees or boards meet the requirement of the IPS by requesting a sample of limited partnership agreements (LPA's)			
9	3	Quarterly Compliance Certification – Obtain evidence that all known compliance violations have been reported	Confirm with the Chief Compliance Officer that she has received compliance certification from IMD management, Legal Investment staff, and CIO regarding any known compliance violations occurred during the testing period	Obtained confirmation from the Chief Compliance Officer. No compliance exceptions were identified as a result of the quarterly compliance certification.	No response required
10	3	Wire Transfers – Obtain evidence that TRS Investment Accounting's record of processed investment funding was complete.	Obtain evidence that TRS Investment Accounting investment funding log reconciles to State Street outgoing wires log to determine if the funding log is complete and accurate	The Investment Accounting funding log reconciled to the State Street Outgoing wires log for the period tested.	No response required
11	3	Securities Lending Policy – Obtain evidence that IMD reviews the securities lending program and performance of lender	Obtain evidence from the monthly securities lending program performance reviews conducted by the TRS Asset Allocation team and the Securities Lending Agent that investments in the securities lending program comply with the following policy requirements: Sec 3.4. Cash collateral collective investments authorized Sec 3.5. Cash collateral authorized portfolio investments Sec 3.6. Maturity limits of cash collateral Sec 3.7. Portfolio maturity limits for cash collateral Sec. 3.8. Minimum credit ratings for cash collateral investments	The securities lending program monthly reports and our testing showed that TRS collateral pool investments met the investing guidelines we tested.	No response required

STEP #	OBJ. #	TEST PURPOSE	TEST DESCRIPTION	TEST RESULT	MANAGEMENT RESPONSE
12	3	Proxy Voting Policy – Obtain evidence that at least on an annual basis, the Proxy Committee shall review any voting guidelines recommended by the independent advisory service to ensure that they are appropriate for TRS	Obtain evidence that the Proxy Committee reviewed and discussed the voting guidelines provided by the independent advisory service firm	The Proxy Committee reviewed and discussed the voting guidelines.	No response required
13	4	Employee Ethics Policy – Obtain evidence that Key Employees filed completed Disciplinary Action Disclosure Statements	Select a sample of TRS Key Employees, and verify whether completed Disciplinary Action Disclosure Statements were filed within 60 days of the date of employment and when any action occurs that would cause any answers on the Statement to change	All employees tested submitted completed Disciplinary Action Disclosure Statements within the timeline, as required in the Employee Ethics Policy.	No response required
14	4	Code of Ethics for Contractors – Obtain evidence that each contractor signed and returned the TRS Code of Ethics for Contractors upon commencement of business with TRS. Obtain evidence that TRS contractors annually signed the Annual Ethics Compliance Statement and filed annual expenditure reports	Select a sample of current TRS contractors, and obtain evidence that the selected contractors signed and returned a copy of the TRS Code of Ethics for Contractors to TRS upon commencement of business with TRS and whether the contractors signed the TRS Contractor Annual Ethics Compliance Statement annually and filed annual expenditure reports	All tested TRS contractors signed and returned a copy of the TRS Code of Conduct for Contractors upon commencement of business with TRS. All sampled TRS contractors signed the TRS Contractor Annual Ethics Compliance Statement and filed expenditure reports annually.	No response required
15	3	Performance Incentive Pay Plan (PIP) – Verify that investment performance results used in quarterly Internal Public Markets (IPM) portfolio matches	Trace quarterly IPM individual component calculation spreadsheet to TRS financial performance application data and TRS custodian bank data	There were no data, employee assignment, or formula errors included in the quarterly IPM individual component calculation spreadsheet. Thus, excess return calculations for individual portfolio managers and	No response required

STEP #	OBJ. #	TEST PURPOSE	TEST DESCRIPTION	TEST RESULT	MANAGEMENT RESPONSE
		data from TRS financial applications and custodian bank and that the excess return calculations for individual portfolio managers and sector managers are correct	<p>Test whether employee assignments were approved by Senior Director in TRS IPM prior to quarter start by obtaining approval email from Senior Director in TRS IPM to Investment Operations Performance Analyst. If any assignment changes are included in the approval, compare the approved changes to the assignments in the quarterly IPM individual component calculation spreadsheet.</p> <p>Test whether formulas in the quarterly IPM individual component calculation spreadsheet are correct by recalculating investment return totals by portfolio manager and sector manager, and comparing total investment returns to returns provided by the TRS Custodian Bank.</p>	sector managers for the IPM portfolio were correct for the quarter ended September 30, 2016.	

Note: Testing procedures for the Investment Policy Statement (IPS), Securities Lending Policy (SLP), Proxy Voting Policy, Employee Ethics Policy, Code of Ethics for Contractors, and Wire Transfer Procedures are for the activities for the quarter ending December 31, 2016. Testing procedures for the Performance Incentive Pay Plan are for the quarter ended September 30, 2016

TAB 4B



February 27, 2017

Audit Committee, Board of Trustees
Brian Guthrie, Executive Director

EXECUTIVE SUMMARY

We have completed the Follow-Up Audit of the Fiscal Years (FYs) 2015 and 2016 Employer Audits, as included in the *Fiscal Year 2017 Audit Plan*.

The audit objective was to verify that employers' implementation actions were taken to address the findings and recommendations made during the employer audits conducted in FYs 2015-2016 and to answer the following questions:

1. Did each employer's responses fully address the original audit recommendation?
2. Were employer responses implemented?
3. Is the implementation current?

As a result of our follow-up audit work, we concluded:

1. Employer management responses fully addressed the original audit recommendations.
2. Of the 11 employer audits conducted in FYs 2015-2016, eight have completed corrections to the audited reports and three are in progress.
3. Implementation of employers' management stated action plan is current and plans are underway to formalize the process.

We also observed that TRS Benefit Reporting has a process to obtain a certification from the employers that all corrections have been made to the reports for the test month; however, this documentation varies in form and content.

Results of our procedures are presented in more detail in the **Results and Recommendations** section (page 2). The audit objective, scope, methodology and conclusion are described in **Appendix A** (page 4).

BACKGROUND

In FY 2015, the Teacher Retirement System of Texas (TRS) Internal Audit began conducting audits of the reports submitted to TRS. The objectives of the audits were to determine:

- Completeness and accuracy of the reports submitted to TRS by the employer for the test month
- Possible TRS membership eligibility of contract workers performing services for the employer
- Accuracy of census data information (name, date of birth, gender, amount of salary, year of entry, years of service)

Following each audit, TRS Benefit Reporting provides the employer with a list of the necessary corrections. After the corrections have been completed, Benefit Reporting obtains from each employer a certification that corrections are complete.

The certifications are generally in the form of memos and therefore, the wording of the certifications will vary. Internal Audit receives quarterly updates from Benefit Reporting on the status of the corrections and then Internal Audit reports the status to the Audit Committee in a formal follow-up audit report.

Of the 11 employer audits conducted in FYs 2015-2016, eight have completed corrections to the audited reports and three are in progress.

RESULTS AND RECOMMENDATIONS

OVERALL RESULTS

The follow-up audit fieldwork focused on obtaining supporting documentation from TRS Benefit Reporting that all employers have made the necessary corrections to their audited reports. The two main steps TRS Benefit Reporting uses to ensure employers make the necessary corrections to the audited reports are as follows:

- TRS Benefit Reporting provides a memo to each employer that lists the necessary corrections.
- Employers provide certifications to TRS Benefit Reporting that all corrections to the audited reports have been completed.

We also observed that TRS Benefit Reporting has a process to obtain a certification from the employers that all corrections have been made to the reports for the test month; however, this documentation varies in form and content.

The results of the follow-up audit fieldwork are shown in the table below:

Rec #	Original Recommendation	Implementation Status (As determined by Follow-up Audit)			Notes
		Employers Responses Fully Addressed Recommendation	Employers Responses Fully Implemented	Implementation is Current	
1	<p>We recommend that the employer's Reporting Official:</p> <ul style="list-style-type: none"> • Work with (TRS) TRAQS coaches to correct reports by the specified deadline (deadline varies from employer to employer). • Ensure personnel are knowledgeable of <i>TRS Laws and Rules</i>. • Maintain sufficient and accurate records of time worked for all substitutes and retirees. 	Yes	Partially Implemented (See Auditor Notes)	Yes	<p>Because of the timing of the Employer Audit Follow-Up Audit, eight of the 11 employer audits conducted in FYs 2015-2016 have completed corrections to the audited reports and three are in progress.</p> <p>Additionally, the employer audit project is new, and in the past two years, TRS Benefit Reporting has been refining its process to better ensure that the employers are making the corrections to the audited reports.</p>

TRS MANAGEMENT COMMENTS

Benefit Reporting coaches have worked with reporting entities to correct audit identified errors. As of the date of this report, of the 11 employer audits conducted in FYs 2015-2016, all have completed corrections to the audited reports.

For future audits, Benefit Reporting will incorporate an addendum to the current letter of correction instructions that is sent to each reporting entity. The addendum includes a certification by the reporting official that all corrections have been made.

* * * * *

We appreciate Benefit Reporting management and staff for their cooperation, courtesy, and professionalism extended to us during this follow-up audit.

Amy Barrett, CIA, CPA, CISA
Chief Audit Executive

Dinah G. Arce, CIA, CPA, CFE, CIDA
Auditor Manager and Project Lead

Carol Casey, CPM
Internal Audit Consultant

APPENDIX A

AUDIT OBJECTIVE, SCOPE, METHODOLOGY, AND CONCLUSION

We conducted this performance audit in accordance with generally accepted government auditing standards contained in the *Government Auditing Standards* issued by the Comptroller General of the United States and the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, Inc.

These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT OBJECTIVE

1. Did each employer's responses fully address the original audit recommendation?
2. Were employer responses implemented?
3. Is the implementation current?

SCOPE

The scope of the audit included all eleven of the employer audits conducted in fiscal years 2015 and 2016.

The audit scope did not include determining if corrections were made to other months not included in the initial testing.

METHODOLOGY

Our methodology included obtaining information on management's processes to ensure that corrections have been made to the audited reports. To meet the audit objectives, we specifically performed the following procedures:

- Met with TRS Benefit Reporting to learn what documentation existed to support that corrections have been made to the audited reports
- Obtained each employer's certification letter to TRS Benefit Reporting that all corrections have been made to the audited report
- Compared the status of the corrections as reported to the Audit Committee with the supporting documentation obtained by TRS Benefit Reporting

The follow-up audit fieldwork focused on obtaining supporting documentation from TRS Benefit Reporting that all employers have made the necessary corrections to their audited reports. Internal Audit did not contact employers directly to obtain evidence that corrections to the audited reports were complete.

CONCLUSION

As a result of our follow-up audit work, we concluded:

1. Employer management responses fully addressed the original audit recommendations.
2. Of the 11 employer audits conducted in FYs 2015-2016, eight have completed corrections to the audited reports and three are in progress.
3. Implementation of employers' management stated action plan is current and plans are underway to formalize the process.

We also observed that TRS Benefit Reporting has a process to obtain a certification from the employers that all corrections have been made to the reports for the test month; however, this documentation varies in form and content.

TAB 4C

**TRS Internal Audit
Summary of Audit Recommendations Status
As of February 28, 2017**

Project	Recommendation	Status	Issue Type	Estimated Date	Revised / Actual Date
17-601 403(b) Provider Compliance Audit					
	Require Records of Provider's Verification of License and Qualification As Part of Annual Demonstration	In Progress	Other Reportable	8/2017	
	Start Tracking the Cost of Program Administration For Fee-Setting Purpose	In Progress	Other Reportable	9/2017	

Significant to Business Objectives

	<ul style="list-style-type: none"> Past <i>original</i> estimated completion date No management action plan <u>or</u> No progress on management action plan
	<ul style="list-style-type: none"> Past <i>original</i> estimated completion date Progress on management action plan
	<ul style="list-style-type: none"> <i>Original</i> estimated completion date has not changed Progress on management action plan
	Satisfactory implementation of management action plan <u>or</u> Acceptance of risk by management
	Implementation of management action plan pending Internal Audit validation

Other Reportable

	<ul style="list-style-type: none"> Past <i>original</i> <u>or</u> first <i>revised</i> estimated completion date No management action plan <u>or</u> No progress on management action plan
	<ul style="list-style-type: none"> Past <i>original</i> <u>or</u> first <i>revised</i> estimated completion date Progress on management action plan
	<ul style="list-style-type: none"> Within <i>original</i> <u>or</u> first <i>revised</i> estimated completion date Progress on management action plan
	Satisfactory implementation of management action plan <u>or</u> Acceptance of risk by management

**TRS Internal Audit
Summary of Audit Recommendations Status
As of February 28, 2017**

Status of Reporting Entity Audit Recommendations

	Audit Project #	Audit Report Date	Reporting Entity (RE)	Status
1	16-401 A	1/15/2016	Manor ISD	Closed
2	16-401 D	5/13/2016	Daingerfield-Lone Star ISD	Closed
3	16-401 E	8/3/2016	Socorro ISD	Closed
4	16-401 F	8/3/2016	Ysleta ISD	Closed

Statuses:

- Under Legal Services Review – TRS Benefits team has requested Legal Services review before taking any further action
- In Progress – TRS Benefits team is working with RE on corrections/adjustments
- Closed – TRS Benefits team has resolved all RE audit findings
- No Audit Findings – the audit resulted in no audit findings

**TRS Internal Audit
Summary of Audit Recommendations Status
As of February 28, 2017**

State Auditor's Office (SAO) Audit Recommendations

Project	Recommendation	Status	Issue Type	Estimated Date	Revised / Actual Date
15-305	SAO Audit of Fiscal Year 2014 Comprehensive Annual Financial Report				
	Strengthen controls over census data	In Progress	Significant	8/2016	9/2017
16-030	SAO Audit of Incentive Compensation				
	Strengthen Controls over Incentive Compensation Calculation and Review Processes	Implemented	Other Reportable	9/2016	1/2017

**TRS Internal Audit
Status of Top 10+1 Innovation Ideas
As of February 2017**

Description	Status	Estimated Implementation Date	
Top 10+1 Innovation Ideas presented to the Board in February 2016			
1	Explore an automate tool to ensure accuracy and protect the Incentive Pay Calculation	The Iconixx implementation is complete and the system was used to calculate incentive awards for the 2015-2016 Incentive Plan year.	1/2017
2	Expand Use of ERM Technology Capabilities	Use of LogicManager for RMSP program management has been implemented (Risk Assessments, Business Continuity & Operational Insurance). Initial demonstrations are in progress for the contract administration program in General Accounting. Coordination efforts with both TRS IT and LogicManager are underway. Planning to test the tool's capabilities for follow-up on risk-related action items and strategic plan tactic updates. This initiative is on track.	12/2017
3	Testing the Entire Population of Data in Reporting Entities (REs) Audits	This project is deferred until the TEAM Phase 1B implementation when full payroll data is available.	9/2018
4	Development of a Financial Data Hub	In November, a Financial Datahub architect came on board and has been working closely with the general accounting team to examine the business needs. The first data-modeling phase (Part A) has been completed and is designed to support reconciliation of expenses with the general ledger for accounts payable. We are ready to build Part A as soon as development resources become available. The goals for phases two and three, both integrating USAS data, have been outlined; however, an impending CAPPs project could cause a shift in these plans. The project team will be looking more closely at how CAPPs affects these development plans.	9/2017
5	Expand the use of K2 Blackpearl for improved workflow automation	<ol style="list-style-type: none"> 1. Adding integration between BEVO and the TRS146 K2 form and process 2. Recently kicked off development on new Soft Dollar Purchase Requests K2 forms and process for IMD 3. Kicking off development of Investment Accounting Reconciliation Review process 4. Developed new vehicle registration process utilizing K2 and SharePoint 5. Successfully implemented K2 forms for a better user experience for the following HR forms: Employee Name Change, Employee Transfer, New Hire Setup, and Contractor Setup 	9/2017

**TRS Internal Audit
Status of Top 10+1 Innovation Ideas
As of February 2017**

Description		Status	Estimated Implementation Date
		6. Top of the backlog (To Do) list: TRSU Migration from InfoPath to K2, Employee Recognition Award Workflow, Board Book Review Process Migration from SharePoint to K2, TRS Alert Migration from SharePoint to K2 7. Continuing to enhance existing K2 processes as requested	
6	Automate Board members Eligibility Assessment and Nomination Process	The vendor chosen for the 2017 election, Election-America, included a proposal for implementing an option to automate the board members' eligibility assessment and nomination process. We believe it will be helpful when we consider methods for the election process next time.	9/2018
7	Use In-House Resources for IT Security Monitoring	Information Security has completed the evaluation of three products used for auditing capabilities. This includes the user authentication monitor, HIPAA infrastructure validation, and log aggregation system. These products will be updated to meet the current standards of TRS Information Security needs.	9/2019
8	Implement HR Dashboard using Automatic Tool	HR is currently exploring the possibility of acquiring an HRIS system that could help with the creation of dashboards and other analytic tools. The ability to implement the solution is dependent upon funding, IT resources, and HR resources - we should have more to update by late spring of 2017.	9/2019
9	Central Repository for Employee Information	FSR Team project is currently on hold. HR is exploring other technology opportunities	9/2019
10	TEAM 2.0 - Continue Improving TEAM Program	TRS is taking on development and maintenance of a new Health Care application as well as assuming responsibility for CRM and Workflow development. In addition, TRS is building some of our own functionality to get more experience maintaining the application	9/2019
11	Expand the Use of E-Signature	The HPe team completed the e-SignLive proof of concepts for TRUST Phase 2 along with a demonstration on how e-sign processes will integrate into web self-service. The results of these PoCs (proof of concept) will be used as input to the detailed level requirements (DLRs) sessions for Phase 2. The health insurance project team is providing input to the e-SignLive team on its needs for e-signature. For internal e-signature, the general accounting team's e-sign-for-contracts work has been put on hold pending some resources being freed up from other activities.	9/2019

TAB 5

Teacher Retirement System of Texas
April 2017 Audit Committee Agenda Items Mapped to TRS Stoplight Report

403(b)	Accounting & Reporting	Budget	Business Continuity	Communications & External Relations
Credit	Customer Service	Employer Reporting <i>Agenda Item 4B</i>	Ethics & Fraud Prevention	Facilities Management & Planning
Governmental / Association Relations & Legislation	Health Care Plans Administration	Information Security & Confidentiality	Investment Accounting <i>Agenda Item 4A</i>	Investment Operations <i>Agenda Item 4A</i>
Legacy Information Systems	Liquidity / Leverage	Market	Open Government <i>Agenda Items 4C, 5</i>	Pension Benefit Administration
Pension Funding	Purchasing & Contracts	Records Management	Regulatory, Compliance & Litigation <i>Agenda Items 3, 4A</i>	Talent Continuity
TEAM Program	TRS-ActiveCare Affordability	TRS-Care Funding		

Fiscal Year 2017 Audit Plan Status As of February 2017

Title and Project #	Type	Status
Executive and Finance		
Records Management Audit Follow-Up (17-410)	Audit	Complete
403(b) Provider Compliance (17-601)	Audit	Complete
Federal Labor Standards Act (FLSA) Compliance	Consulting	In Progress
State Auditor's Office (SAO) Financial (CAFR) Audit Coordination	Advisory	Complete
Teacher Retirement Investment Company of Texas (TRICOT) Financial Audit Coordination (Grant Thornton)	Advisory	Complete
Testing of Executive Performance Incentive Pay Calculations	Agreed-Upon Procedures	
The University Of Texas at Austin Student Project	Consulting	Complete
Enterprise Risk Management (ERM) Fraud Risk Assessment	Advisory	In Progress
Meetings Participation	Advisory	Ongoing
Special Requests and Emerging Issues	Advisory	
TEAM Program		
TEAM Independent Program Assessment (IPA) Vendor Support	Advisory	Ongoing
TEAM Committees, Projects and Controls Assessment Participation	Advisory	Ongoing
Pension Benefits		
Annuity Payment Testing for State Auditor's Office (SAO) Audit of Comprehensive Annual Financial Report (CAFR) (17-100)	Audit	Complete
Annual Benefits Testing (17-101)	Agreed-Upon Procedures	In Progress
Reporting Entity Audits (6 to 10 ISDs) (17-401)	Audit	In Progress
Employer Audit Follow-up	Audit	Complete
Employer Audit of Pension and TRS-Care Surcharges	Audit	In Progress
Higher Education Pilot and Audit Program Development	Advisory	In Progress
TRS Reporting Entity Website Audit Information and Communication	Advisory	Ongoing

Fiscal Year 2017 Audit Plan Status As of February 2017

Health Care		
Health Insurance Portability and Accountability Act (HIPAA) Gap assessment and Validation (17-501)	Audit	In Progress
Trust Expense Allocation Audit	Audit	
TRS-ActiveCare Open Enrollment Readiness Assessment Follow-Up (17-201)	Audit	In Progress
TRS-ActiveCare Eligibility Pilot and Audit Program Development	Advisory	Deferred to FY18
Health Care Vendor Selection Observation	Advisory	In Progress
Health Care Vendor Update Meetings	Advisory	Ongoing
Information Technology		
Contractor onboarding and off boarding (17-502)	Audit	In Progress
Disaster Recovery, Network Penetration Tests; Security Risk Assessment Review	Advisory	Ongoing
Investment Management		
Private Equity Fees (17-304)	Audit	In Progress
Soft dollars and Commission Sharing Arrangements (17-305)	Audit	In Progress
Quarterly Investment and Ethics Policies Compliance Testing (17-302)	Agreed-Upon Procedures	2nd Qtr Complete
Annual Testing of Investment Incentive Pay Plan (17-303)	Agreed-Upon Procedures	Complete
Investment Fiduciary Audit Coordination	Advisory	Complete
Investment Committees Attendance	Advisory	Ongoing
Internal Audit Department		
Annual Internal Audit Report (17-603)	Audit	Complete
Data Analysis Processes	Advisory	In Progress
Quarterly Audit Recommendations Follow-up	Audit	Ongoing
ERS Audit Quality Assurance Review	Audit	Complete
Internal Quality Assurance Review (17-602)	Advisory	Ongoing
Fiscal Year 2018 Audit Plan	Advisory	
Internal Audit Strategic Plan Update	Advisory	Ongoing
Audit Committee Meetings Preparation	Advisory	Ongoing

Internal Audit Advisory Services¹

Fiscal Year 2017 – 2nd Quarter

BENEFIT SERVICES
<ul style="list-style-type: none"> • Participated in the TEAM Program <ul style="list-style-type: none"> ○ Enterprise Projects Oversight Committee (EPOC) ○ Organizational Change Management Advisory Group ○ Business Procedures and Training ○ Monthly meetings with TEAM Program Manager and vendor personnel ○ Reporting Entity Outreach (REO) Core Team ○ TEAM Enterprise Security Team meetings ○ Independent Program Assessment (IPA) Vendor Coordination • Presented at multiple Texas Association of School Business Officials (TASBO) conferences
HEALTH INSURANCE BENEFITS (HIB)
<ul style="list-style-type: none"> • Attended the Health Plan Administrator (HPA) and Pharmacy Benefit Manager (PBM) Vendor Quarterly Update Meetings
INVESTMENT MANAGEMENT DIVISION (IMD)
<ul style="list-style-type: none"> • Attended Internal Investment Committee (IIC) meetings • Attended IMD Annual Town Hall meeting • Participated in Proxy Voting Committee meetings • Participated in Securities Lending monitoring calls • Liaison for Funston Advisory Service’s review of IMD Real Assets Program
FINANCIAL SERVICES
<ul style="list-style-type: none"> • Liaison for the State Auditor’s Office (SAO) Fiscal Year 2016 TRS Comprehensive Annual Financial Report (CAFR) audit • Liaison for financial statement audit of Teacher Retirement Investment Company of Texas (TRICOT - London Office)
EXECUTIVE
<ul style="list-style-type: none"> • Facilitated SAO’s Quarterly Update Meetings • Participated in the Risk Oversight Committee • Participated in Health and Safety Committee Quarterly Meetings • Collaboration with Enterprise Risk Management on the upcoming enterprise-wide fraud risk assessment • Participated in the Social Media Advisory Committee • Participated in the Records Management Cross-functional Workgroup
INFORMATION TECHNOLOGY (IT)
<ul style="list-style-type: none"> • Disaster Recovery Exercise Observation • Incidents Response Plan Update • Brainstorm session with Information Systems Support and Development (ISS) Teams on documentation of TRUST system development and future audit processes

¹ Advisory Services (non-audit services) - The scope of work performed does not constitute an audit under Generally Accepted Government Auditing Standards (GAGAS).

Internal Audit Goals and Performance Measures - Fiscal Year 2017
2nd Quarter Ending February 2017

Target Performance	Activity	Status
Goal 1: Enhance Effectiveness of Internal Audit Organization		
1. Spend a minimum of 75% of total available department hours (excludes uncontrollable leave) for professional staff on direct assurance, consulting, and advisory services	Achieved 77% for 2nd quarter of fiscal year 2017	On Task
2. Complete an internal assessment and report the results of the Quality Assurance and Improvement Program	The assessment is scheduled for completion in the 4 th quarter	On Task
Goal 2: Develop and Implement Internal Audit Annual Audit Plan based on Formal Risk Assessment		
3. Prepare an annual audit plan based on a documented risk assessment and obtain input from trustees and staff	The audit planning and risk assessment is scheduled for the 4 th quarter	On Task
4. Execute 80% of audit and agreed-upon procedures projects (80% allows for flexibility due to changes in TRS business practices and special requests)	Planned audit and agreed-upon procedures projects are on schedule and assigned to staff	On Task
5. Update the formal reporting entity risk assessment to identify reporting entities for audit	The formal reporting entity risk assessment has been updated and completed	Achieved
Goal 3: Enhance Internal Audit Staff Skills and Knowledge in Assurance Practices		
6. Update data analytics roadmap identified by external advisor and complete year two activities	The data analytics roadmap and implementation plan is on schedule	On Task
7. Collaborate with an institution of higher education to pilot a reporting entity audit program; develop and distribute the audit program to other high education auditors and request that they conduct these audits	Two institutions of higher education have formally agreed to participate in the pilot	On Task
Goal 4: Deliver Value-Added Consulting and Advisory Activities		
8. Facilitate coordination of TEAM Independent Program Assessment (IPA) vendor by coordinating meetings with Executive Director, Executive Steering Committee (ESC) and Core Management Team (CMT), quarterly presentations to the TRS Board of Trustees, and other contractual activities	Coordination and support of IPA vendor is ongoing as planned	On Task

Internal Audit Goals and Performance Measures - Fiscal Year 2017
2nd Quarter Ending February 2017

Target Performance	Activity	Status
9. Facilitate timely completion and success of State Auditor’s Office (SAO) audits in fiscal year 2017 by effectively providing audit support, coordinating meetings, reserving facilities and gathering schedule and documentation requests	Internal Audit staff has provided support and coordination for the following SAO audits: <ul style="list-style-type: none"> • Audit of FY 2016 Comprehensive Annual Financial Report (CAFR) • Fiduciary Review of TRS’ Investment Practices and Performance 	On Task
Goal 5: Enhance Participation in Professional and Peer Organizations		
10. Participate in professional organizations (APPFA, IIA, ISACA, ACFE, SAIAF, CFA Institute) through monthly chapter meetings and participation in leadership roles in at least one professional organization.	Participation in professional organizations is ongoing: <ul style="list-style-type: none"> • CAE is secretary for APPFA • One IT Audit Manager is the web administrator for APPFA • One senior auditor is involved with the planning of the upcoming IIA Southern Regional Conference for the IIA Austin Chapter. She also participated with a IIA Chapter group in developing test questions for the IIA CIA exam 	On Task
11. Support staff in obtaining additional certifications such as the CFA, CPA, and CIA certifications and have all staff obtain a minimum of 24 continuing professional education hours in a fiscal year and a minimum of 80 hours for a two year period.	Staff planned and attended professional development training this quarter	On Task

Legend: Target Status

	Target not achieved
	Behind in achieving target or partially complete
	On task to achieve target
	Achieved target



CAE Performance Goals – FY 2017

	TRS Strategic Plan	CAE Goals	Key Performance Indicators
1	<p>TRS Goal 1: Sustain a financially sound pension trust fund (investments)</p>	<p>Support an effective investment governance structure</p> <p>Perform regular investment audit and consulting activities.</p>	<p>Facilitate and coordinate the external audits of the TRS Investment Company of Texas (TRICOT – London Office), Investment Fiduciary Review of Real Assets, and Comprehensive Annual Financial Report (CAFR) Audit.</p> <p>Pilot one to two audits of private equity funds to assess accuracy of fees, compliance with contractual provisions, and support for investment valuations.</p> <p>Provide assurance on compliance with soft dollar policy, Investment Policy Statement, TRS ethics policies, and incentive pay plan.</p> <p>Continue buildout of internal investment audit dashboard for soft dollar expenditures, private market fees, and other areas as resources permit.</p>



CAE Performance Goals – FY 2017

	TRS Strategic Plan	CAE Goals	Key Performance Indicators
2	TRS Goal 2: Continue to improve benefit delivery (pension).	Facilitate TEAM oversight function	Enable full access of TEAM independent program assessment vendor to people and documents
		Identify cost recovery opportunities at employers	Participate in TEAM and TEAM committees as an advisor on internal controls.
		Obtain greater audit coverage at higher education employers	Identify opportunities for recovery of underpayments for employment after retirement (EAR) surcharges by conducting targeted audit of EAR for multiple entities
		Perform regular pension audit and consulting activities	Pilot two university audits to develop an audit program to disseminate to higher education internal auditors
			Provide assurance to TRS members and retirees by validating the accuracy of annuity payments and manual payments
			Assist TRS management in its oversight of 403(b) providers by providing assurance on internal controls and compliance with statutes



CAE Performance Goals – FY 2017

	TRS Strategic Plan	CAE Goals	Key Performance Indicators
3	<p>TRS Goal 3: Facilitate access to competitive, reliable health care benefits for our members (health care)</p>	<p>Perform regular healthcare audit and consulting activities</p>	<p>Assist TRS in assessing its preparedness for undergoing a federal HIPAA audit by conducting a gap assessment of HIPAA compliance (HIPAA Security Rule, Privacy Rule, and Breach Notification Rule)</p> <p>Obtain evidence that Aetna and WellSystems have implemented requested controls related to open enrollment</p> <p>Provide feedback on the reasonableness of expense allocations to healthcare trusts</p>



CAE Performance Goals – FY 2017

	TR Strategic Plan	CAE Goals	Key Performance Indicators
4	<p>TRS Goal 4: Attract, retain, and develop highly competent staff</p>	<p>Update the internal audit strategy and activities</p> <p>Develop managers and staff</p> <p>Implement an auditor recognition program</p> <p>Enhance leadership skills</p>	<p>Update departmental goals and activities:</p> <ul style="list-style-type: none"> a. Update the internal audit strategic plan using the internal audit capability maturity model with significant input for audit staff b. Update the annual audit plan using risk assessment techniques and feedback from key stakeholders <p>Implement staff development goals:</p> <ul style="list-style-type: none"> a. Develop an auditor staffing plan that links the auditor competency framework, skills inventory, and training plans b. Identify areas of expertise where internal audit can serve as a resource for TRS stakeholders and professional organizations. Continue to develop competencies in areas identified such as data analysis skills. c. Form an audit management team to steer the direction of the audit department and provide for optimal decision-making and communication among teams. d. Simplify auditor evaluations and provide more feedback after each project. Link annual evaluations to merit pay. e. Develop and communicate career paths for staff within the department and link to the departmental succession plan f. Implement a staff recognition program that recognizes excellent work of others and encourages high achievement <p>(Continue on next slide)</p>



CAE Performance Goals – FY 2017

	TRS Strategic Plan	CAE Goals	Key Performance Indicators
4	<p>TRS Goal 4: Attract, retain, and develop highly competent staff</p>	<p>Update the internal audit strategy and activities</p> <p>Develop managers and staff</p> <p>Implement an auditor recognition program</p> <p>Enhance leadership skills</p>	<p>(Continued)</p> <p>Implement personal development goals:</p> <ul style="list-style-type: none"> a. Serve on the Association of Public Pension Fund Auditors (APPFA) board, lead the ERS audit quality assessment review, participate in the advisory committee for the State Agency Internal Audit Forum’s (SAIAF) Internal Audit Leadership Development Program (IALDP), and encourage staff to take leadership positions in professional organizations. b. Study frameworks for organization performance excellence through online resources, training participation, and discussion with other organizations who have implemented them. Consider adopting a framework for the Internal Audit Department and gathering information in conjunction with TRS Strategic Planning staff to identify elements which might be beneficial for TRS to incorporate. c. Learn more about staff, peers, and audit clients through asking open-ended “power” questions and applying emotional intelligence techniques. d. Practice active listening and summarizing meeting discussions to ensure input of participants is understood and incorporated. e. Continue personal recovery through regular physical therapy, exercise, and mindfulness techniques.

Internal Audit Staff Accomplishments

- The TRS Employer Audit team consisting of Dinah Arce, Art Mata, Cari Casey, and Jan Engler, provided a presentation at the 2017 Annual Conference hosted by the Texas Association of School Business Officials (TASBO) in Austin. The Annual Conference is TASBO's most comprehensive conference of the year with over 3,000 school business professionals attending from around the state. The audit team also made a presentation in Fort Worth for the attendees of the Region 9 Education Service Center annual conference.
- Rodrigo Dominquez passed Part One of the Certified Internal Auditor (CIA) exam in February
- TRS Internal Audit hosted a half-day session of the Internal Audit Leadership Development Program (IALDP) sponsored by Texas State Agency Internal Audit Forum (SAIAF) in February. TRS staff made the following presentations to the IALDP class:
 - Fraud Risk and Controls, Hotline Administration and Fraud Policy – Jan Engler and Art Mata
 - Strategic Planning and Enterprise Risk Management - Jay LeBlanc
 - Application of COSO (Committee of Sponsoring Organizations of the Treadway Commission) in Audits - Hugh Ohn and Anandhi Mani