



**MINUTES OF THE
TEXAS MUNICIPAL RETIREMENT SYSTEM**
Meeting of the Audit Committee of the Board of Trustees

September 8, 2021 – 1:00 p.m.

The Audit Committee (Committee) of the Board of Trustees (Board) of the Texas Municipal Retirement System (TMRS) convened for a meeting at 1:00 p.m. at TMRS Headquarters, located at 1200 North IH-35 in Austin, Texas, with the following Trustees present via Microsoft Teams: Bob Scott, Chair, and Johnny Huizar, Vice Chair. Staff present included: David Wescoe, Executive Director; Christine Sweeney, Chief Legal Officer; Sandra Vice, Director of Administration; Rhonda Covarrubias, Director of Finance, Andi Focht-Williams, Internal Audit Manager; Kris Lofton, Senior Computer Support Specialist; and, Madison Jechow, Assistant General Counsel.

Mr. Scott called the meeting to order at 1:09 p.m.

1. **Consider and Act on Adoption of Minutes from the June 9, 2021 Audit Committee Meeting.** *Bob Scott*

The minutes were approved by Mr. Scott and Mr. Huizar as presented.

2. **Receive and Act on Audit of Travel Reimbursements Report.** *Andi Focht-Williams*

Ms. Focht-Williams discussed three reviews that she conducted for this Report: (1) review of a sample of TMRS employees' travel expense reports submitted between January 2019 and March 2020, for which she found that employees followed the requirements in the TMRS travel policy; (2) review of the June 2018 travel policy itself, from which she identified information that can be updated, and, (3) review of the software Gorilla Expense used by TMRS for expense reports. She identified multiple controls that were working effectively and would prevent an expense report from being submitted without review or approval. She found that some former employees still had access to Gorilla Expense but no reports were actually submitted and an attempt to submit a fraudulent report would have been detected because all expense reports are reviewed by supervisors before payment. She made two recommendations: (1) that Finance coordinate with Senior Staff to update the travel policy; and, (2) that Finance review Gorilla access at least quarterly to confirm removal of employee access.

Mr. Scott asked questions about off-boarding and access controls and Ms. Focht-Williams described the off-boarding process and Ms. Vice described the annual access review process.

Mr. Scott suggested that TMRS place a statement at the bottom of expense reports that confirms compliance with TMRS ethics policies. Ms. Vice said TMRS will check with Gorilla Expense to see if that can be done through the software.

Mr. Scott and Mr. Huizar approved the distribution of the Report to the Board.

3. **Receive and Act on 2022 Internal Audit Budget.** *Andi Focht-Williams*

Ms. Focht-Williams provided the proposed budget, which is twenty percent less than that for the prior year. Outside consultant costs for specialized services were removed, as Ms. Focht-Williams said she does not anticipate any need for those in 2022. Mr. Scott asked what type of consultants have been retained in the past, and Ms. Focht-Williams replied that Investments and Information Technology specialists had been consulted. Mr. Wescoe said if a budget amendment is needed because a consultant is needed, he will approve it and report to the committee at its next meeting.

Mr. Scott and Mr. Huizar approved the 2022 Internal Audit Budget and referral of it to the Board as included in the proposed 2022 TMRS budget.

4. Receive Status of 2021-2022 Audit Plan. Andi Focht-Williams

Ms. Focht-Williams presented the 2021-2022 Audit Plan and said she had completed three audits, had one audit in the reporting phase, had one audit in the planning phase, and two audits to be scheduled in 2022.

5. Call for Future Agenda Items. Bob Scott

The Chair asked if there were any requests for future agenda items for the next Audit Committee meeting on Nov. 17, 2021. There were none. There being no further business, Mr. Scott adjourned the Committee meeting at 1:30 p.m.



David B. Wescoe
Executive Director



Bob Scott
Chair of Audit Committee