

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND
POLICY AND PROCEDURE

POLICY NUMBER: PP-2020-09
SUBJECT: AUDIT AND BUDGET COMMITTEE POLICY
EFFECTIVE DATE: OCTOBER 9, 2020
AMENDED: MAY 28, 2021

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A. PURPOSE AND BACKGROUND

1. The IPOPIF Board of Trustees has established an Audit and Budget Committee as a Standing Committee to assist the Board in overseeing the Audit and Budget functions within IPOPIF.
2. The Board will appoint three members of the Board to the Audit and Budget Committee and designate one member to serve as the committee chair.
3. The Audit and Budget Committee provides oversight of IPOPIF's independent external audit activities.
4. The Audit and Budget Committee assists the Board of Trustees in ensuring that appropriate action is taken on audit recommendations.
5. The Audit and Budget Committee oversees communication between independent external auditors and IPOPIF management.
6. The Audit and Budget Committee will review the preparation and presentation of the annual fiscal year budget, as outlined in the Budget Administration Policy.
7. The Audit and Budget Committee is an advisory committee to the IPOPIF Board of Trustees, and its reports and recommendations are subject to final approval by the Board.

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B. COMMITTEE RESPONSIBILITIES

8. The Audit and Budget Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require.
9. The Audit and Budget Committee will, from time to time, as determined to be in the best interest of IPOPIF:
 - a. Examine and recommend to the Board for approval the objectives and scope of the annual financial audit, including the audit plans of the independent external financial auditor, the duties and responsibilities of the independent external financial auditor, and the timing and engagement fee of the annual financial audit.
 - b. Meet with the independent external financial auditor to review and discuss the annual financial statements.
 - c. Review the findings of the independent external financial audit and review the Management Letter, and any response thereto.
 - d. Review the engagement of the independent external financial auditor and make recommendations to the Board as to the appointment or recruitment of the independent external financial auditor.
 - e. Review the findings or comments of any regulatory agencies concerning financial statements or other financial information of IPOPIF.
 - f. Report to the Board of Trustees its activities and the results of its reviews.
 - g. Review significant changes in accounting standards, policies, or practices that may impact IPOPIF and report the results of that review to the Board of Trustees.
 - h. Meet with the Executive Director, Chief Investment Officer and Chief Financial Officer, at least annually, to discuss the effectiveness of the internal financial and operational control policies; and
 - i. Review and report on any other duties assigned to the Committee by the IPOPIF Board of Trustees.

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10. The Audit and Budget Committee will review the proposed budget for the new fiscal year and make a recommendation to the Board of Trustees, for consideration.

C. POLICY REVIEW

11. The Policy is subject to change in the exercise of the Board's judgement.

12. The Board of Trustees will review this policy at least every two (2) years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations.

13. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

14. This Policy was adopted by The Transition Board of Trustees on October 9, 2020.

15. This Policy was amended by the Board of Trustees on May 28, 2021, which renamed the committee and added budget adoption policy responsibilities.