Audits & Risk Management Committee

Item number 2 – Open session

Subject: Approval of Minutes of the September 24, 2026, Audits and Risk Management Committee – Open Session

Presenter(s): Chairperson

Item type: Consent action

Date and time: November 5, 2026 – 0 minutes

Attachment(s): None

PowerPoint presentation(s): None

PROPOSED MINUTES

Teachers' Retirement Board –Audits & Risk Management Committee Meeting

September 24, 2026

OPEN SESSION

LOCATION: Sacramento/American River Rooms, 100 Waterfront Place, West Sacramento, CA 95605

COMMITTEE MEMBERS PRESENT

Sharon Hendricks, Chairperson
Karen Yamamoto
Ken Tang
Deborah Gallegos, representing State Controller, Malia Cohen
Patrick Henning, representing State Treasurer, Fiona Ma
Geqigula Dlamini, representing State Superintendent of Public Instruction, Tony Thurmond

COMMITTEE MEMBERS ABSENT

Director of Finance Joe Stephenshaw, Vice Chairperson

STAFF PRESENT

Cassandra Lichnock, Chief Executive Officer
Brian J. Bartow, General Counsel

Lisa Blatnick, Chief Operating Officer
Ashish Jain, Chief Technology Officer
Melissa Norcia, Chief Administrative Officer
Julie Underwood, Chief Financial Officer
Cheryl Cervantes Dietz, Chief Auditor
David Lamoreaux, Chief Actuary
Lynn Bashaw, Director, Enterprise Risk Management & Compliance Services
Jeff Zimmer, Director, Employer Services
Chris Wall, Supervising Management Auditor, Audit Services
Marlene Noss, Supervising Management Auditor, Audit Services
Meagan Dean, Supervisor II, Financial Services
Braden Pate, Senior Counsel

OTHERS PRESENT

Dr. Robert Yetman (Audits and Risk Management Committee Consultant)
Dr. Peter Weill, MIT
Mark Allen
Jennifer Baker
Angel Belden
Kathy Kinley
Sarah Vigrass
John Anderson, CTA
Jesus Gutierrez, CTA
Mary Kay Scheid, CTA
Leonard Goldberg, UTLA

A quorum being present, Chairperson Hendricks called the Open Session meeting of the Audits and Risk Management Committee meeting to order at 2:00 p.m.

I. APPROVAL OF COMMITTEE AGENDA (Item 1)

MOTION duly made by Mr. Tang, seconded by Mr. Henning, and carried to approve the Committee Agenda by consent.

Members Voting	Aye	Nay	Abstain
Ms. Yamamoto	X		
Mr. Tang	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Mr. Henning, for the State Treasurer	X		
Ms. Gallegos, for the State Controller	X		
Chairperson Hendricks	X		

II. APPROVAL OF MINUTES OF THE MARCH 5, 2026, AUDITS AND RISK MANAGEMENT COMMITTEE – OPEN SESSION (Item 2)

MOTION duly made by Mr. Tang, seconded by Mr. Henning, and carried to approve the minutes of the March 5, 206, Audits and Risk Management Committee

Meeting – Open Session by consent.

Members Voting	Aye	Nay	Abstain
Ms. Yamamoto	X		
Mr. Tang	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Mr. Henning, for the State Treasurer	X		
Ms. Gallegos, for the State Controller	X		
Chairperson Hendricks	X		

III. FY 2025-26 ENTERPRISE RISK MANAGEMENT COMPLIANCE SERVICES MATURITY PLAN CLOSEOUT REPORT (Item 3)

The committee was provided a closeout report on the Enterprise Risk Management (ERM) and Enterprise Compliance Services (ECS) maturity plans covering the period of July 1, 2025, through June 30, 2026. Dr. Yetmen discussed the results of the report with the committee.

IV. EDUCATION ITEM: GOVERNANCE OF ARTIFICIAL INTELLIGENCE RISK ACROSS THE MATURITY CURVE (Item 7)

The committee received a comprehensive review from Dr. Weill on artificial intelligence (AI) risk management and reporting within the organization, including a comprehensive evaluation of the key elements of robust AI risk reporting at distinct phases of organizational maturity. The committee engaged in a robust discussion of how CalSTRS's risk reporting measures up against current leading industry practices as well as the expectations for management and the internal audit in their oversight of AI-related risks, ensuring robust governance, transparency, and accountability. The committee also discussed strategies related to AI technology investment as it pertains to workforce implications, including the potential for workforce reductions and the anticipated timeline of such changes.

V. AUDIT SERVICES FY 2025-26 AUDIT PLAN RESULTS (Item 4)

The committee received a presentation from Ms. Cervantes Deitz, Mr. Wall, and Ms. Noss on the results from the Audit Services' Fiscal Year (FY) 2025-26 Audit Plan. The committee discussed outstanding unresolved audits and how AB 1667 will impact on the progress of unresolved audits.

MOTION duly made by Mr. Tang, seconded by Ms. Yamamoto, and carried to approve the removal of the project resource management engagement from the Audit Services FY 2025-26 audit plan, with a redirection of audit resources to BenefitConnect financial reporting and Copilot advisory services.

Members Voting	Aye	Nay	Abstain
Ms. Yamamoto	X		
Mr. Tang	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		

Mr. Henning, for the State Treasurer	X		
Ms. Gallegos, for the State Controller	X		
Chairperson Hendricks	X		

VI. EXTERNAL QUALITY ASSESSMENT RESULTS (Item 5)

The committee received a presentation on the results of Audit Services' External Quality Assessment (EQA) from Ms. Cervantes Dietz.

MOTION duly made by Mr. Tang, seconded by Ms. Yamamoto, and carried to approve the EQA report and adopt staff enhancement actions.

Members Voting	Aye	Nay	Abstain
Ms. Yamamoto	X		
Mr. Tang	X		
Mr. Dlamini, for the Superintendent of Public Instruction	X		
Mr. Henning, for the State Treasurer	X		
Ms. Gallegos, for the State Controller	X		
Chairperson Hendricks	X		

VII. COMPLIANCE ETHICS HOTLINE RESULTS (Item 6)

The committee received the annual report on the activity and progress of the CalSTRS Compliance and Ethics Hotline from Ms. Bashaw and Ms. Dean.

VIII. ENTERPRISE RISK MANAGEMENT REPORTING REFRESH (Item 8)

The committee received a presentation from Ms. Bashaw on the transition from staff's previous manual processes to an automated, software-driven approach, highlighting the benefits of a new risk taxonomy and updated scoring approach.

IX. REVIEW OF INFORMATION REQUESTS (Item 9)

There were no requests for information.

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 12)

There were no statements from the public.

XII. ADJOURNMENT

There being no further business to conduct, Chairperson Hendricks adjourned the Audits and Risk Management Committee meeting at 3:54 p.m.

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

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Sharon Hendricks, Chairperson

Prepared by: Braden Pate, Senior Counsel