

April 2026

ASSURANCE

Audit, Compliance & Ethics Committee Meeting



**TEACHER RETIREMENT SYSTEM OF TEXAS
BOARD OF TRUSTEES
AND
AUDIT, COMPLIANCE AND ETHICS COMMITTEE
April 30, 2026 – 1:45 p.m.**

*All or part of the April 30, 2026, meeting of the TRS Audit, Compliance and Ethics 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 and the presiding officer physically present at the following location, which will be open to the public during the open portions of the meeting: **4655 Mueller Blvd, 2nd Floor, Boardroom.***

The open portions of the April 30, 2026, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

AGENDA

1. Call roll of Committee members.
2. Approve minutes of December 2025 Audit, Compliance and Ethics Committee meeting - Chair.
3. Receive TRS Compliance reports including those related to ethics and fraud, conflicts of interest, investment policies, and Enterprise Risk Management – Heather Traeger, Chris Bowlin and Michelle Pagán.
4. Receive CAE Update including – Amanda Jenami:
 - A. Status of Prior Audit Recommendations
 - B. Update on Internal Audit’s Key Performance Indicators and Status of Audit Plan
 - C. Discussion of the results of the Limited Review of Communications
 - D. Talent Management and Upcoming Reports
5. Receive Individual Internal Audit Reports:
 - A. Limited Review of Custodian Controls – Katie Linczer
 - B. Audit of Cloud Computing – Stephen Randall
6. Discuss or consider Internal Audit and TRS Compliance 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 – Chair, Amanda Jenami and Heather Traeger.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Audit, Compliance and Ethics Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Audit, Compliance and Ethics 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.

**Minutes of the Audit, Compliance and Ethics Committee
December 4, 2025**

The Audit, Compliance and Ethics Committee of the Board of Trustees of the Teacher Retirement System of Texas met on Thursday, December 4, 2025, in the boardroom located on the Second Floor of TRS' offices located at 4655 Mueller Blvd., Austin, Texas 78723.

Committee members:

Brittney Allred, Chair
Michael Ball
Laronda Graf
John R. Rutherford
Elvis Williams

Other TRS Board Members Present:

David Corpus
John Elliott
Robert H. Walls, Jr.

Others present:

Brian Guthrie, TRS	Robert Pagenkopf, State Auditor's Office
Caasi Lamb, TRS	Taylor Huff, State Auditor's Office
Don Green, TRS	Angelica Ramirez, State Auditor's Office
Heather Traeger, TRS	Michelle Buss, Crowe LLP
Amanda Jenami, TRS	
Chris Bowlin, TRS	
Michelle Pagán, TRS	
Jonathan O'Reilly, TRS	
Julie Toler, TRS	
Katherine Farrell, TRS	
Suzanne Dugan, Cohen Milstein	

Audit, Compliance and Ethics Committee Chair, Ms. Brittney Allred, called the meeting to order at 2:54 p.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present.

2. Consider the approval of the proposed minutes of the September 2025 Audit, Compliance and Ethics Committee meeting.

On a motion by Mr. Rutherford, seconded by Mr. Williams, the Committee unanimously voted to approve the proposed minutes of the September 2025 Audit, Compliance and Ethics Committee meeting as presented.

3. Receive report of the financial audit of TRS Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2025 — Taylor Huff, Robert Pagenkopf, and Angelica Ramirez, State Auditor’s Office.

Ms. Taylor Huff provided the results of the fiscal year 2025 TRS financial statements audit as an unmodified, clean opinion with no significant deficiencies or material weaknesses in internal control.

4. Receive Crowe LLP’s report of the financial audit of TRS Investment Company (TRICOT) for the fiscal year ended August 31, 2025 — Michelle Buss and Kevin Smith, Crowe LLP.

Ms. Buss provided the results of the TRICOT audit as an unmodified, clean opinion with no material weaknesses or significant deficiencies in internal control.

5. Receive TRS Compliance reports including those related to ethics and fraud, conflicts of interest, investment policies, and Enterprise Risk Management — Heather Traeger, Chris Bowlin, and Michelle Pagán.

Mr. Chris Bowlin reported on the quarterly compliance testing of the Investment Policy Statement including the securities lending policy for the quarter. He confirmed that requirements were being met with no unreported violations.

Ms. Traeger reported four 541(c)s conflicts relating to vendor conflicts that were worked through. She said there were a number of Hotline complaints that were investigated and resolved noting three that remain under investigation.

Ms. Michelle Pagán reviewed the changes in the Enterprise Stoplight Report. She identified two risk categories that were added, External Fraud and Internal Fraud, and one was deleted, Ethics & Fraud Prevention. She noted risk levels were not assigned to the two new categories as they are currently being assessed. She reported only one risk level changed this quarter, facilities management and planning, moved from caution to guarded. She said that was due to the Bravo building construction being completed.

6. Receive Internal Audit’s disclosure of affirmations regarding independence, ethics and professionalism – Amanda Jenami.

Ms. Jenami provided background that the Government Auditing Standards and the Global Internal Auditing Standards require Internal Audit to provide the board with affirmations regarding independence and compliance with the principles of ethics and professionalism. She confirmed Internal Audit’s independence and compliance with professional standards; and that there are safeguards in place to ensure non-audit services do not impact the team’s independence.

7. Receive an update on Internal Audit’s Data Analytics Program— Jonathan O’Reilly.

Mr. Jonathan O’Reilly provided an overview of Internal Audit’s data analytics activities and emerging technology considerations. He said the team, in addition to performing other types of audit activities, conducts the annual audit risk assessment, establishes continuous monitoring dashboards and performs advisory projects. He provided further information on the work the team does for Health and Pension Services.

8. Receive Internal Audit Annual Report for Fiscal Year 2025 — Julie Toler.

Ms. Julie Toler confirmed that the Internal Audit Annual Report was filed in compliance with statutory requirements. She provided an overview of the report.

9. Receive status of prior audit and consulting recommendations — Jonathan O’Reilly.

Mr. O’Reilly reported on implementation status of prior recommendations.

10. Discuss or consider Internal Audit and TRS Compliance 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 – Brittny Allred, Amanda Jenami and Heather Traeger

Ms. Jenami provided updates on performance measures, staffing, and professional certifications.

With no further business before the Committee, the meeting adjourned at 3:54 p.m.

APPROVED BY THE AUDIT, COMPLIANCE AND ETHICS COMMITTEE OF THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE ___ DAY OF APRIL 2026.

Brittny Allred
Chair, Audit Compliance and Ethics Committee
Board of Trustees
Teacher Retirement Systems of Texas

Date



Audit, Compliance & Ethics

Presentation Date

April 30, 2026



Quarterly Compliance Testing

Presentation Date
April 30, 2026

Presented By
Heather Traeger & Chris Bowlin

Quarterly Investment Compliance Testing
Investment Policy Statement (IPS) and Securities Lending Policy (SLP)
Quarter ending December 31, 2025

Procedures Performed	Test Results
<p><u>Business Objective 1: Board Reports</u> All required information is reported to the TRS Board of Trustees</p>	
<ul style="list-style-type: none"> Obtain evidence that all requirements reported to Board of Trustees 	<ul style="list-style-type: none"> All reporting requirements were met. Documentation provided supported information tested.
<p><u>Business Objective 2: Investment Selection and Approval</u> Investments made are within delegated limits and established selection criteria</p>	
<ul style="list-style-type: none"> Obtain evidence that Investment Integrity Questionnaires (IIQs) were received prior to investment authorization and deal closing Obtain evidence that approved investments were within policy limits Obtain evidence that Restricted Securities lists updated and reports filed Obtain evidence that IMD evaluated hedge fund classification Obtain information about the allocation of funds added to previously approved investments for purposes of rebalancing or adjusting risks Obtain evidence that all board serving requirements are met 	<ul style="list-style-type: none"> Each investment tested had a completed questionnaire prior to IIC date. For each investment tested, no manager or partner organization exceeded the authorized limits and term sheet calculations were verified with the manager exposure file.* All reporting requirements were met, and documentation provided supported information tested. A hedge fund analysis was included in IIC materials for all investments tested. Each investment tested was within policy limits. All reporting requirements were met, and documentation provided supported information tested.
<p><u>Business Objective 3: Other (IPS, SLP, other reporting)</u> Risk limits are followed for other investment and proxy voting policies and procedures were followed</p>	
<ul style="list-style-type: none"> Obtain senior management disclosure about known compliance violations Obtain evidence that TRS securities lending program complied with the following guidelines 	<ul style="list-style-type: none"> Obtained quarterly compliance certification from IMD IIC and Legal. No security lending violations were identified.

*Note: Two passive IPS violations occurred Q1'2026; allocations to managers breached the single manager organization threshold in IPS Appendix B due to changing market conditions.

Legend: ■ Significant to TRS ■ Significant to Business Objectives ■ Other Reportable Exception ■ Positive Test Result/ No Exception



Legal & Compliance

Enterprise Risk Management

April 30, 2026

Michelle Pagán | Director of Enterprise Risk, Strategy & Performance

Overview



Agenda

- Enterprise Stoplight Report
- Category Risk Level Changes & Trending
- Risk Trending Dashboard

Enterprise Stoplight Report * - April 2026

○ Artificial Intelligence	● Business Continuity	● Communications & External Relations	● Cybersecurity	● Data Privacy & Confidentiality
↔ Employer Reporting	● Enterprise Technology	● External Fraud	↔ Facilities, Safety & Security	↔ Financial Operations
↔ Global Operations	● Health Care Plans Administration	● Internal Fraud	● Pension Funding	● Pension Services
● Portfolio Exposure	● Procurement & Contracts	● Records & Information Management	↔ Regulatory, Compliance & Litigation	● Talent Continuity
● TEAM Program	● TRS-ActiveCare Affordability	● TRS-Care Funding		

Category Added

Artificial Intelligence

Categories Updated

- External Fraud
- Internal Fraud
- Pension Services
- Portfolio Exposure
- TEAM Program

RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives

HIGH	●	ELEVATED	●	CAUTION	●	GUARDED	●	LOW	●
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EXPECTED RISK CATEGORY TREND - NEXT 12-24 MONTHS

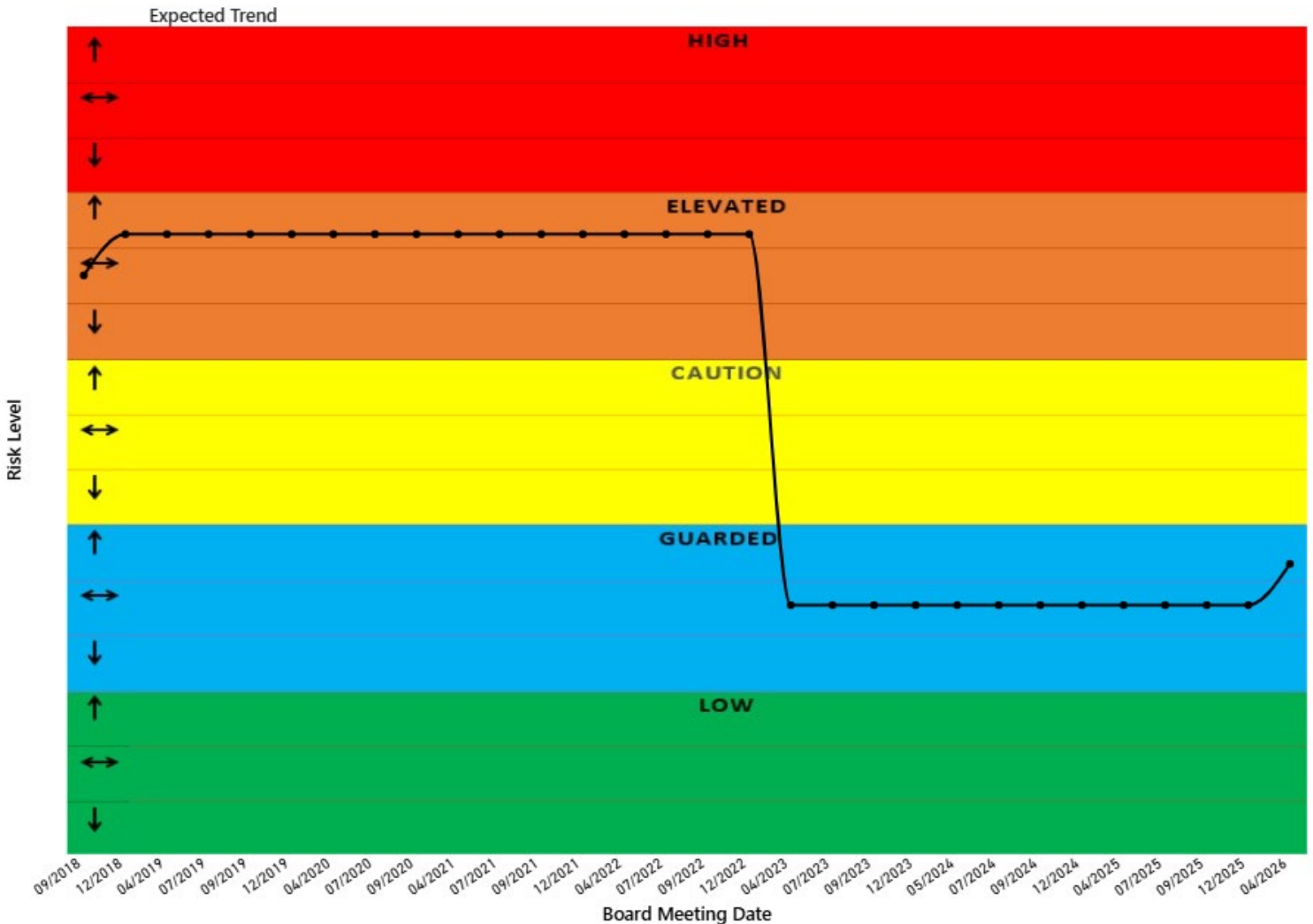
INCREASE	↑	DECREASE	↓	NO CHANGE	↔
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*Risk category ratings are based on a point in time and independent of other risk categories.

Category Risk Level Changes & Trending



Risk Category: Pension Services

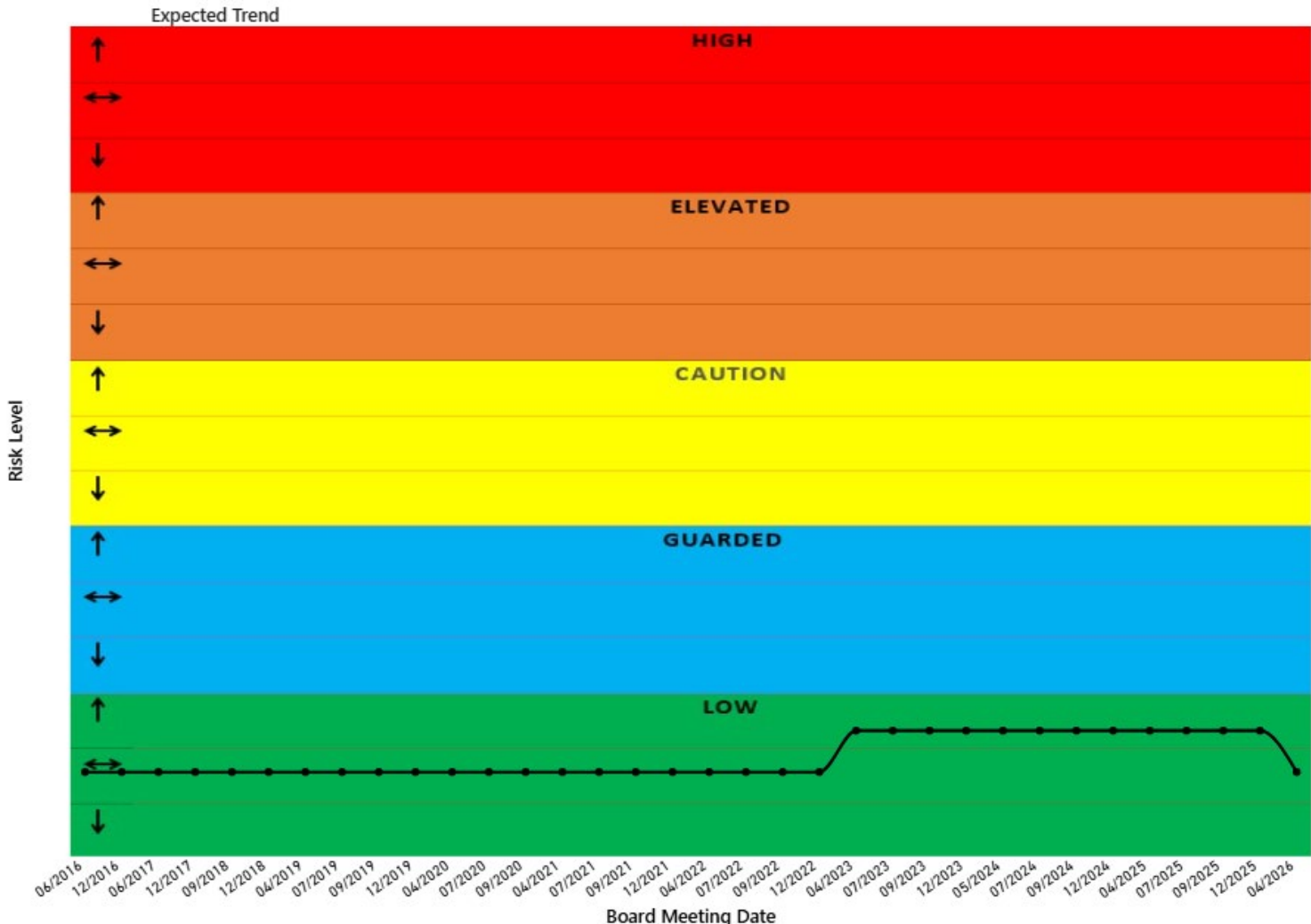


Color/Trending Changes

- ↔ Dec. 2025
- ↻
- ↑ Apr. 2026

Category Risk Level Changes & Trending (cont'd)

Risk Category: Portfolio Exposure

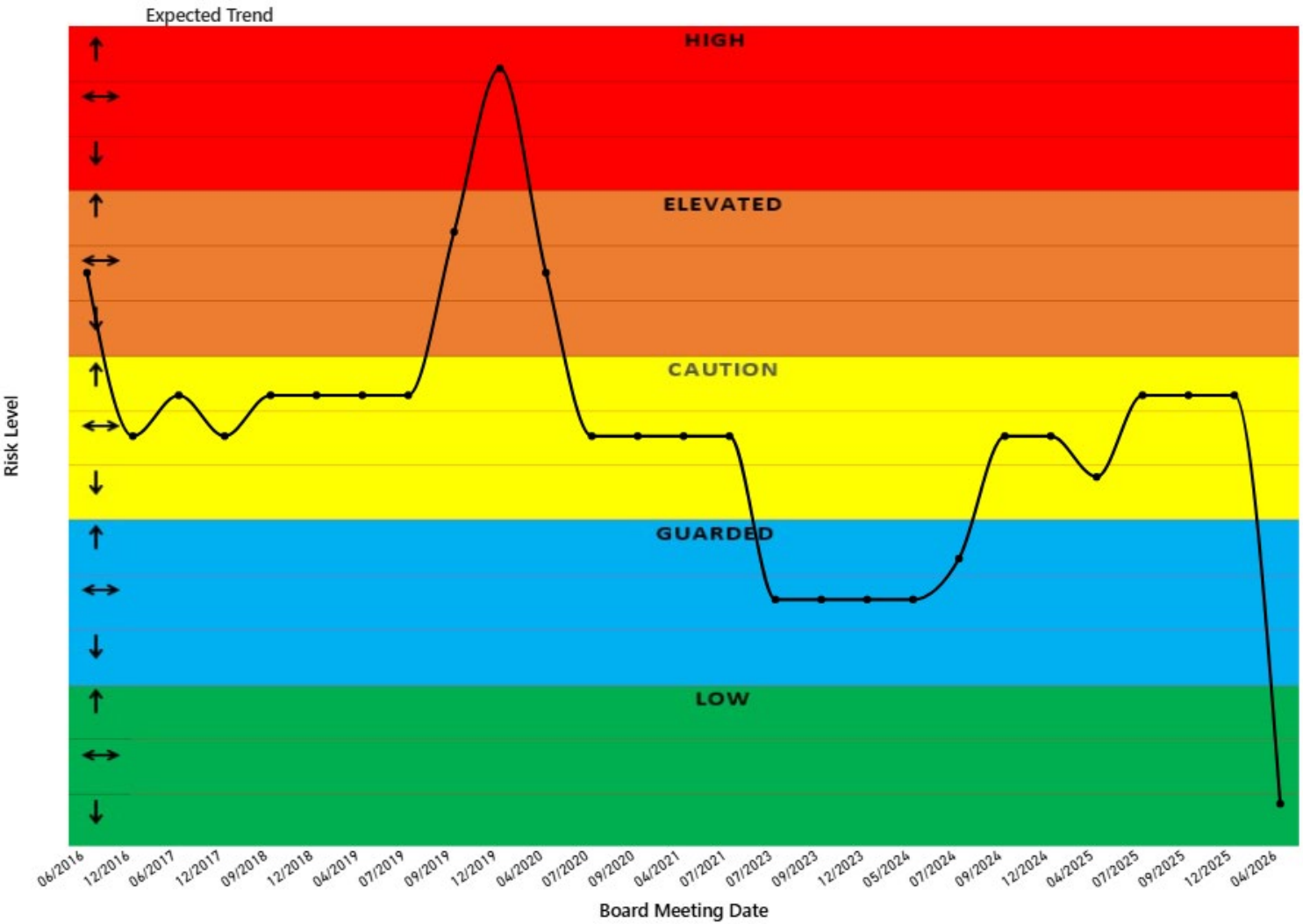


Color/Trending Changes

● ↑ Dec. 2025
 ↻
● ↔ Apr. 2026

Category Risk Level Changes & Trending (cont'd)

Risk Category: TEAM Program



Color/Trending Changes

- Yellow circle with upward arrow: Dec. 2025
- Refresh icon: Apr. 2026
- Green circle with downward arrow: Apr. 2026

Risk Trending Dashboard

Enterprise Risk Categories April 2026	Current Risk Level	Expected Trend 12-24 months	10-Year Historical Trend
Cybersecurity	Elevated	Increase	
Enterprise Technology	Elevated	Increase	
Pension Funding	Elevated	Increase	
Records & Information Management	Elevated	Decrease	
Communications & External Relations	Caution	Stable	
Data Privacy & Confidentiality	Caution	Stable	
External Fraud	Caution	Stable	
Health Care Plans Administration	Caution	Stable	
Procurement & Contracts	Caution	Stable	
TRS-ActiveCare Affordability	Caution	Stable	
Business Continuity	Caution	Decrease	
Pension Services	Guarded	Increase	
Talent Continuity	Guarded	Increase	
Employer Reporting	Guarded	Stable	
Facilities, Safety & Security	Guarded	Stable	
Financial Operations	Guarded	Stable	
Global Operations	Guarded	Stable	
Internal Fraud	Guarded	Stable	
Regulatory, Compliance & Litigation	Guarded	Stable	
Portfolio Exposure (i.e., Market)	Low	Stable	
TRS-Care Funding	Low	Stable	
TEAM Program	Low	Decrease	



Internal Audit Chief Audit Executive Update

Presentation Date
April 30, 2026

Presented By
Amanda Jenami, CPA, CIA, CISA, AAIA,
CIDA, CRMA, CFE

Topics for Discussion



- A. Status of Prior Audit Recommendations
- B. Update on Internal Audit's Key Performance Indicators (KPIs) and Status of Audit Plan
- C. Appendix
 - I. Talent Management
 - II. Upcoming Audit Reports
 - III. Limited Review of Communications



A. Status of Prior Audit Recommendations

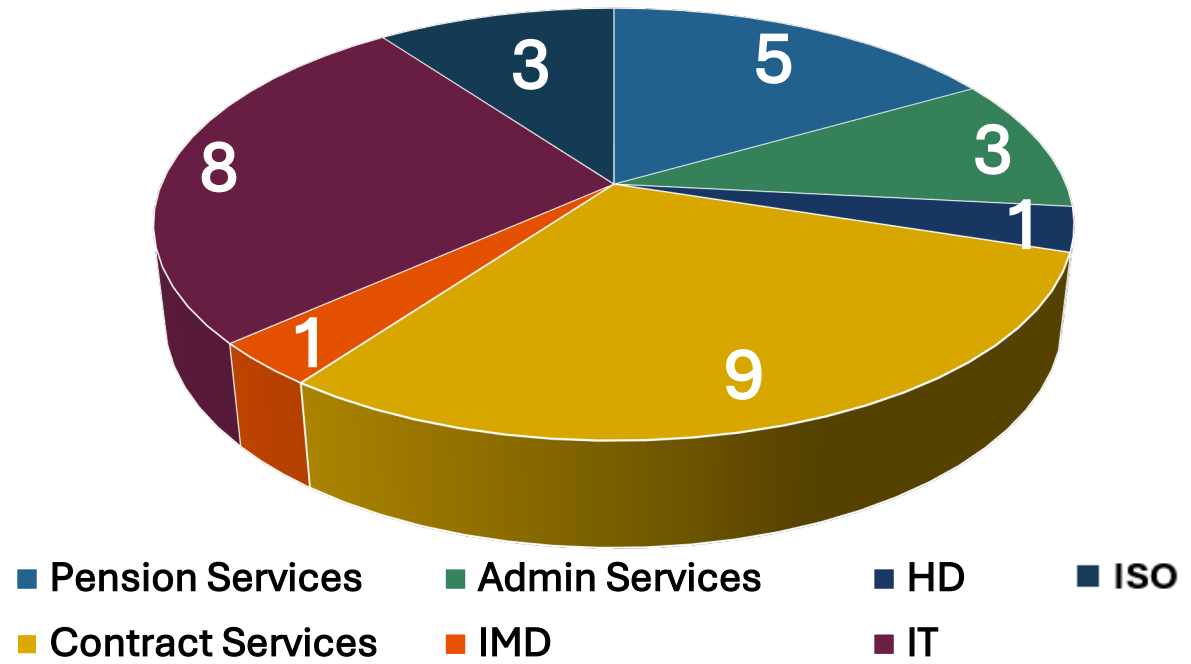
Highlights: Status of Prior Audit Recommendations



Implementation Status



Ownership of Pending Recommendations



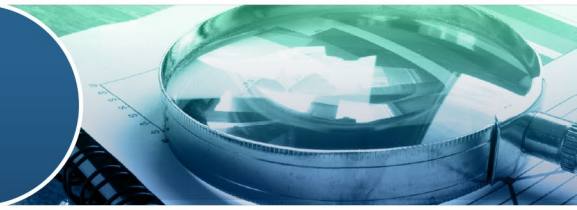
Age of Recommendations



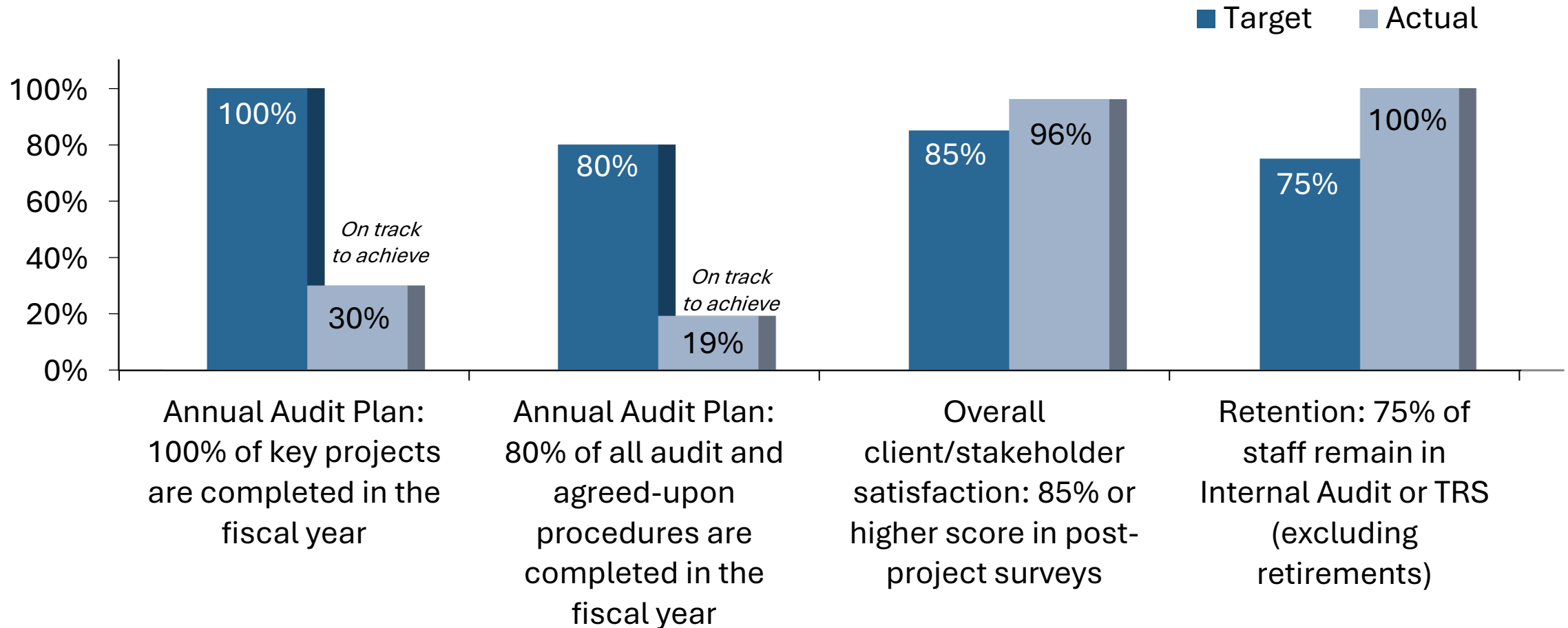


B. Update on Internal Audit's KPIs and Status of Audit Plan

Strategic KPIs



FY26 Strategic KPIs



Audit Plan Status: Audit & Formal Advisory Projects



	Complete	In Progress	Pending
Executive & Business Administration			
Review of Communications	✓		
Review of the Ethics Program			✓
Review of Project Governance		✓	
Follow-Up of Prior Audits		✓	
Special requests, initiatives and emerging Issues (all divisions)		✓	
Health			
Review of Enrollment and Eligibility File Processes	✓		
Review of SB 1264 Processes		✓	
Healthcare Claims Data Analysis (Provider Compliance & Industry Standards)*		✓	
Healthcare Claims Data Analysis (Contract requirements)		✓	
Review of Mass Mailings (<i>cancelled</i>)			
Pension			
ACFR Testing of Annuity Payments*	✓		
Review of Death Claims*			✓
Reporting Employer Data Analysis*		✓	

	Complete	In Progress	Pending
Investments			
Review of Custodian Controls*	✓		
Review of Fixed Income Portfolio Operations			✓
Review of Real Estate Portfolio Operations*		✓	
Information Technology			
Audit of Cloud Computing*	✓		
Audit of Data Loss Prevention*		✓	
Review of Cyber Controls*		✓	
Audit of TRS Reporting Entity Portal*			✓
Data Analytics			
Anti-Depression Pharmacy Claims Testing			✓
Benefit Matrices and Experimental Services Testing			✓
Hospital Claims Policy Testing		✓	
Psychotherapy Claims Testing		✓	
PAVES Quality Assurance Bots		✓	

* FY26 key project



C. Appendix:

- I. Talent Management**
- II. Upcoming Audit Reports**
- III. Limited Review of Communications**

Appendix I: Talent Management - Upskilling for Artificial Intelligence



AI Skills Required

- Understanding AI Fundamentals
- Risk Identification & Management
- Compliance & Best Practices

Attained Relevant Certifications

- Advanced Artificial Intelligence Auditor (4)
- Advanced Artificial Intelligence Security Manager (1)
- Certified Information Security Manager (1)

Appendix II: Upcoming Audit Reports / Actions



July 2026

Board Actions

None

Audit Reports

- **Audit of Data Loss Prevention**
- **Review of Cyber Controls**
- **Review of Real Estate Portfolio Operations**
- Review of Project Governance

September 2026

Board Actions

- **Proposed Audit Plan for FY2027**
- **Board selection of new External Auditor**

Audit Reports

- **Audit of Reporting Entity (RE) Portal**
- **Update on Data Analytics Program**
- Review of the Ethics Program
- Review of Fixed Income Portfolio Operations

Green: Action Items; Red: Key Projects



Internal Audit Limited Review of Communications

Presentation Date
April 30, 2026

Presented By
Arby James Gonzales

Limited Review of Communications



AUDIT CONCLUSION

The Communications Department has established effective practices to promote consistent external messaging and ensure accurate representation of official TRS positions across communication channels.

Positive results:

- Messages we tested were aligned across communication channels and reflected official TRS positions
- Social media communications were reviewed and approved according to procedures

Improvement Opportunities:

- Formally document procedures to review and approve large-scale external education and outreach email communications

Detailed Results



Recommendations	Management Responses
<p>Formally document the current review and approval process for large-scale external education and outreach email communications and ensure those requirements are consistently applied.</p>	<p>Management agrees with the recommendation. Management recognizes the value in pursuing opportunities to further strengthen enterprise review and approval documentation, which aligns with previously submitted requests to IT for approval to use editorial workflow management tools to help support this.</p> <p>In the interim, Communications is implementing additional standards and practices to formalize approvals via email and best leverage available AI tools to ensure scheduled prompts can efficiently capture documentation needs. This is expected to be in place by May 1, 2026.</p>



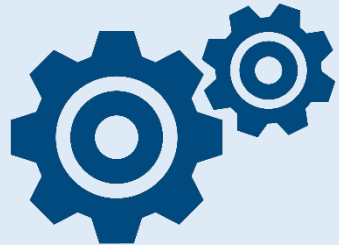
Appendix

Appendix: Audit Objective, Methodology & Scope



AUDIT OBJECTIVE

Determine whether communications disseminated through TRS channels are consistent and comply with established review and approval requirements.



METHODOLOGY

- ✓ Reviewed applicable established procedures
- ✓ Reviewed records, information systems and databases
- ✓ Conducted walkthroughs of key processes and systems with team members and management
- ✓ Perform tests as deemed appropriate



SCOPE

The scope of this audit includes external communications disseminated to members through TRS communication channels from January 2025 to February 2026. Audit fieldwork was performed during March 2026.

Appendix: Project Team

Audit Team



Kathey Mitchell, CIA, CGAP, RTSBA
Audit Project Lead



Falguni Sampat, CIA
Senior Internal Auditor



Arby James Gonzales, CPA, CIA, CFE
Director of Operations Audit



Limited Review of Communications



Teacher Retirement System of Texas Internal Audit Department

Business Objective	Ensure that TRS communications to participants, media, stakeholders and reporting employers are timely, accurate, transparent, legally compliant, written in easily understandable language, and focused on building and maintaining trust.
Business Risks	We focused this limited review on the following risk: Accuracy - inaccurate, insufficient, or misleading information is released (external or internal)
Management Controls	<ul style="list-style-type: none"> • Consistent messaging • Review and approval • Writing style • Plain language
Controls Tested	<ul style="list-style-type: none"> • Consistent messaging • Review and approval
Results	<ul style="list-style-type: none"> • Consistent messaging in large-scale external education and outreach communications to members through social media and emails • Formally documented and consistently followed review and approval process for social media communications
	<ul style="list-style-type: none"> • Absence of formally documented and consistently followed review and approval process for large-scale external education and outreach email communications to members.
Recommended Actions	Formally document the current review and approval process for large-scale external education and outreach email communications to members and ensure those requirements are consistently applied prior to dissemination. At a minimum, documented procedures should clearly define roles, responsibilities, and timing expectations.
Management Responses	Management appreciates the detailed look at its practices and processes to verify that TRS communications are clear and consistent across all channels. As communications professionals, it is appropriate for team members to apply their own experience and judgment on content development and dissemination in partnership with TRS business units. However, Management recognizes the value in pursuing opportunities to further strengthen enterprise review and approval documentation, which aligns with previously submitted requests to IT for approval to use editorial workflow management tools to help support this.

Legend of Results: Red - Significant to TRS Orange - Significant to Business Objectives
Yellow - Other Reportable Issue Green - Positive Finding or No Issue



Limited Review of Communications

26-603

Internal Audit Department

April 2026

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EXECUTIVE SUMMARY

Overview

The Communications Department has established effective practices to promote consistent external messaging and ensure accurate representation of official TRS positions across communication channels. Key controls include strong collaboration between the Communications Department and individual business units and formal review and approval procedures. Communications through social media are reviewed and approved by the Communications Department, and large-scale education and outreach emails to members are reviewed and approved by the business units.

The Communications Department provides services to promote clear, accurate, and consistent messaging across TRS communication channels. Overall, messaging disseminated through social media¹ and large-scale external education and outreach email communications was consistently aligned across communication channels and reflected the official TRS position, and controls supporting consistency were effective. The review and approval process for social media was formally documented and consistently followed in accordance with the requirements.

The review and approval process for large-scale external education and outreach email communications to members relies on the experience and judgement of senior staff rather than formally documented departmental procedures. While this approach has resulted in consistent messaging, the absence of formally documented review and approval procedures increases the risk of inconsistent application and reduced accountability over time. The TRS Communications Standards Handbook emphasizes the importance of documented standards and oversight to ensure accountability and consistency across communication channels. Formalizing and consistently applying the review and approval process for large-scale external education and outreach email communications would strengthen oversight, support continuity and help ensure sustained accuracy and consistency of messaging across communication channels.

Management Response Summary

Management appreciates the detailed look at its practices and processes to verify that TRS communications are clear and consistent across all channels. As communications professionals, it is appropriate for team members to apply their own experience and judgment on content development and dissemination in partnership with TRS business units. However, Management recognizes the value in pursuing opportunities to further strengthen enterprise review and approval documentation, which aligns with previously submitted requests to IT for approval to use editorial workflow management tools to help support this.

¹ Facebook, Instagram, LinkedIn, Threads, X, and YouTube

Background

The Communications Department plays a critical role in delivering accurate, timely and consistent information to members, employers, the public, and other stakeholders through multiple internal and external communication channels. Effective communications promote transparency, support informed decision-making and reinforce trust in TRS. Given the volume, complexity, and nature of external communications, clearly defined review and approval processes are essential to message accuracy and consistency.

Management has been responsive to the audit and is already implementing recommendations. Beyond this report, Internal Audit has communicated additional, non-reportable observations to management separately. Results of the audit procedures are presented in more detail in the **Audit Results** section. The audit objective, scope and methodology are described in **Appendix A**. The summary of business objectives, risks, and controls are described in **Appendix B**.

Scope

The scope of this audit includes external communications disseminated to members through TRS communication channels from January 2025 to February 2026. Audit fieldwork was performed during March 2026.

AUDIT RESULTS

Business Objective - Ensure that TRS communications to participants, media, stakeholders and reporting employers are timely, accurate, transparent, legally compliant, written in easily understandable language, and focused on building and maintaining trust.

The Communications Department has established effective practices to promote consistent external messaging and ensure accurate representation of official TRS positions across communication channels. Key controls include strong collaboration between the Communications Department and individual business units and formal review and approval procedures. Communications through social media are reviewed and approved by the Communications Department, and large-scale education and outreach emails to members are reviewed and approved by the business units.

Testing of 27 messages disseminated through social media and external email communications found that 100% (27 out of 27) were consistently aligned across communication channels and reflected the official TRS position. In addition, the review and approval process for social media communications is formally documented within departmental procedures. Audit testing confirmed that communications were reviewed and approved in accordance with established requirements prior to dissemination. However, an opportunity exists to strengthen the review and approval process for external email communications, as described below.

Review and Approval Process – Large-Scale External Education and Outreach Email Communications

For large-scale external education and outreach email communications to members, emails are reviewed and approved by the respective business units. While management relies on the experience and judgement of senior team members to develop, approve and disseminate these communications, the review and approval process for external emails is not formally documented in departmental procedures. As a result, expectations related to roles, responsibilities and timing are not consistently defined across business units. Testing of 15 external email communications distributed to members found that 60% (9 out of 15) did not have evidence demonstrating review or approval prior to dissemination. While all messages reviewed during the audit was consistent across communication channels and aligned with official TRS positions, the absence of documented review and approval requirements for external email communications increases the risk of inconsistent application and reduced accountability as staff roles change or new personnel are onboarded. Over time, this could impact the consistency, accuracy and reliability of external communications.

Recommendation:

Management should formally document the current review and approval process for large-scale external education and outreach email communications to members and ensure those requirements are consistently applied prior to dissemination. At a minimum, documented procedures should clearly define roles, responsibilities and timing expectations to support accountability, consistency and continuity.

Management Response:

Management agrees with the need and opportunity to enhance documentation of reviews and approvals as well as to consistently apply updated standards. Management submitted an IT request in April 2025 to identify and leverage additional editorial workflow tools at TRS to help manage and formally document reviews and approvals for the high volume of materials produced across the enterprise. This request remains under review with indications that the Microsoft Approvals application may be a potential near-term solution with a scheduled roll-out at the end of April 2026. Additionally, a creative project management tool was requested in January 2026 and is under IT review with a pilot being pursued as a proof of concept.

In the interim, Communications is implementing additional standards and practices to formalize approvals via email and best leverage available AI tools to ensure scheduled prompts can efficiently capture documentation needs. This is expected to be in place by May 1, 2026.

Target Date of Implementation: May 2026

We appreciate the Communications Department management and staff for their cooperation, courtesy and professionalism extended to us during this audit. We also appreciate support provided by Enterprise Risk, Strategy, & Performance.

Amanda Jenami, CPA, CIA, CISA, CIDA, CHIAP, CFSA, CFE, CGAP, CRMA, CCSA
Chief Audit Executive

Kathey Mitchell, CIA, CGAP, RTSBA
Audit Project Lead

Falguni Sampat, CIA
Senior Internal Auditor

Arby Gonzales, CPA, CIA, CFE
Director of Operations Audit

This report is distributed to the following:

Audit, Compliance and Ethics Committee, TRS Board of Trustees
Brian Guthrie, TRS Executive Director
Caasi Lamb, TRS Deputy Director
Beth Hallmark, Chief Communications Officer

APPENDIX A

Audit Objective, Scope, and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our 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. To conduct this performance audit, we determined that we are also independent per the generally accepted government audit standards requirements for internal auditors.

This performance audit was also conducted in conformance with the *International Professional Practices Framework* issued by The Institute of Internal Auditors, Inc.

AUDIT OBJECTIVE

The audit objective was to determine whether internal controls are in place and are working effectively to achieve the business objectives stated below and mitigate significant risks to meeting those objectives.

- Ensure that TRS communications to participants, media, stakeholders and reporting employers are timely, accurate, transparent, legally compliant, written in easily understandable language, and focused on building and maintaining trust.

SCOPE

The scope of this audit includes external communications disseminated to members through TRS communication channels from January 2025 to February 2026. Audit fieldwork was performed during March 2026.

METHODOLOGY

The audit methodology included obtaining information on management's business objectives and risks and focused on key processes and monitoring controls that management has established to address significant risks. To meet the audit objectives, the following procedures were specifically performed:

- Reviewed applicable established procedures
- Reviewed management's documentation of controls and controls monitoring
- Reviewed records, information systems and databases
- Performed data analysis, as deemed necessary
- Conducted interviews with and solicited input from selected stakeholders
- Conducted walkthroughs of key processes and systems with team members and management
- Perform tests as deemed appropriate

SAMPLE METHODOLOGY

Auditors selected nonstatistical samples, primarily through risk-based selection, for testing related to consistent messaging and review and approval of external communications to members through TRS communication channels. This sampling approach was chosen to focus audit resources on messaging that would affect a member's decision-making, consistent with professional judgment and GAGAS guidance. Conclusions and recommendations are limited to the observations and exceptions identified in the sample and cannot be projected to the entire population.

APPENDIX B

Business Objective, Risk, and Controls

For the Limited Review of Communications, we obtained information about the following business objective, as well as the related risk and the controls management established to mitigate these risks:

Business Objective	Ensure that TRS communications to participants, media, stakeholders and reporting employers are timely, accurate, transparent, legally compliant, written in easily understandable language, and focused on building and maintaining trust.
Business Risk	We focused this limited review on the following risk: Accuracy - inaccurate, insufficient, or misleading information is released (external or internal)
Management Controls	<ul style="list-style-type: none">• Consistent messaging• Review and approval procedures• Writing style• Plain language
Controls Tested	<ul style="list-style-type: none">• Consistent messaging• Review and approval procedures



Internal Audit

Limited Review of Custodian Controls

Presentation Date
April 30, 2026

Presented By
Katie Linczer

Audit Results Overview



AUDIT CONCLUSION

The operational processes and controls of TRS's master custodian provide reasonable assurance that the activities reviewed are performed in accordance with applicable requirements and support effective operations.

Key positive results:

- Manual pricing adjustments processes consistently executed & documented
- Transparent, contract-compliance fee invoicing
- Real estate quarter-end valuations processed accurately

Improvement opportunities:

- Third-party risk oversight and assurance visibility
- OTC derivatives pricing validation
- Custom services documentation

Preliminary Audit Objective: Determine whether custodian operations include sufficient controls to ensure investment support functions are executed effectively and in compliance with applicable requirements.

Recommendations & Management Responses



Recommendations

Consult L&C regarding TRS-custodian agreement language enhancement opportunities related to:

- Data protection & audit rights
- Price-movement & validation expectations
- Custom services procedural documentation requirements

Management Responses

Management agreed and will evaluate enhancement opportunities for:

- Additional data protection & assurance mechanisms
- Clearer expectations for custodian pricing validation & custom services documentation

Target dates: December 2027 – 2028



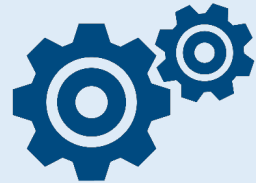
Appendix

Appendix: Audit Objective, Methodology & Scope



AUDIT OBJECTIVE

Determine whether custodian operations include sufficient controls to ensure investment support functions are executed effectively and in compliance with applicable requirements.



METHODOLOGY & SAMPLING

- ✓ Identified key risks and controls
- ✓ Reviewed custodian agreement, processes & documents
- ✓ Interviewed management & staff
- ✓ Selected nonstatistical samples, primarily through random sampling or risk-based selection



AUDIT SCOPE

- ✓ September 2023 – August 2025
- ✓ Activities and reporting related to custodian controls

Appendix: Project Team



Audit Team



Katie Linczer, CPA, CIA, CRMA
Senior Investment Auditor



Syed Israr
Senior Investment Auditor



Jack Henserling, CISSP, Security+,
Network+
Senior IT Auditor



Nathan Ward, CFA
Senior Investment Auditor



Stephen Randall, CIA, CISA, AAIA
IT Audit Director



Julie Toler, CFA, CFP[®], CIA, CRMA
Investment Audit Director



Internal Audit

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Investment Audit Director



Limited Review of Custodian Controls



Teacher Retirement System of Texas Internal Audit Department

Business Objectives	Ensure data including asset valuations, transaction records, and applicable reporting is complete, timely and reliable	Ensure timely execution, processing and reconciliation of TRS assets/transactions
Business Risks	<ul style="list-style-type: none"> Limited private market valuation statement availability Inaccurate manual price security adjustments Derivatives pricing discrepancies Private markets data integrity issues 	<ul style="list-style-type: none"> Key person risk Custom service inefficiencies/errors Lack of custodian fee transparency Delayed error detection/remediation
Management Controls	<ul style="list-style-type: none"> Private markets valuation process guidance Manual price security adjustment process Derivatives price tolerance controls Private markets application controls System and Organization Controls (SOC) reviews Service Level Agreement (SLA) 	<ul style="list-style-type: none"> Custom services procedural guidance Detailed custodian fee breakdowns Operating error escalation and resolution process
Controls Tested	<ul style="list-style-type: none"> Private markets quarterly statement collection status Real Estate quarter-end valuation process Manual price security adjustment controls Over-the-Counter (OTC) derivatives price tolerance controls 	<ul style="list-style-type: none"> Procedural guidance for custom custodian services Custodian fee transparency
Results	<ul style="list-style-type: none"> Private markets quarterly statement collection status Private real estate quarter-end valuation process Manual price security adjustment process 	<ul style="list-style-type: none"> Detailed transparency of custodian fees
	<ul style="list-style-type: none"> OTC derivatives price tolerance controls Limited information to review/validate IT controls over TRS data 	<ul style="list-style-type: none"> Lack of procedural guidance for custom custodian services
Recommended Action	<p>Consult L&C regarding opportunities to enhance TRS-custodian agreement language related to:</p> <ul style="list-style-type: none"> Data protection and audit rights Price-movement tolerance thresholds & validation expectations 	<ul style="list-style-type: none"> Custom procedural guidance expectations & requirements
Management Response	Management agrees and will consult with L&C regarding opportunities to enhance TRS-custodian agreement language.	

Legend of Results: Red - Significant to TRS Other Reportable Issue Orange - Significant to Business Objectives Green - Positive Finding or No Issue



Limited Review of Custodian Controls

26-301

Internal Audit Department

April 2026

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EXECUTIVE SUMMARY

Overview

The operational processes and controls of TRS's master custodian provide reasonable assurance that the activities reviewed are performed in accordance with applicable requirements and support effective operations. The review focused on key outsourced custodian activities and selected operational controls with direct impact on TRS operations, financial reporting, and risk management, with emphasis on custodian controls supporting pricing, valuation, reporting accuracy and customized services.

This review identified generally positive results including effective controls over the custodian's manual pricing security adjustment process, completeness of private market valuation statement collection, and quarterly private market valuation processing. The review also observed opportunities to enhance specific third-party risk oversight practices and reduce key person risk as discussed within the audit results.

Audit Limitation

Limitations in direct audit access to custodian IT controls diminish TRS's ability to independently assess third-party risks associated with critical investment data systems. Due to confidentiality constraints and the multi-client nature of certain systems, Internal Audit had limited ability to directly observe or validate specific custodian IT controls. Restrictions on access to standard operating procedures and data extracts limited the evidence available to assess the design or operating effectiveness of certain controls during the review period. These limitations do not, in themselves, indicate deficiencies in the custodian's processes; however, they constrain TRS's direct visibility into controls that support critical investment data. To address these constraints while respecting confidentiality considerations, Internal Audit focused on control areas not covered by the custodian's System and Organization Controls (SOC) reports and on processes specific to customized services provided to TRS. The audit also includes recommendations for management to evaluate whether additional assurance mechanisms, contractual alignment, and enhanced transparency provisions are warranted to support TRS's evolving oversight and data protection expectations.

Third-Party Risk Management

Custodian systems provide critical data used in TRS investment decision making, reporting and oversight. Weaknesses in system design, implementation, or control execution could elevate operational risk and increase the likelihood of incomplete or inaccurate pricing, valuation or position information. As service providers increasingly deploy evolving technologies, maintaining strong visibility into their control environment is essential to effective third-party risk management.

While the TRS Investment Operations team manages the custodian relationship and serves as the primary client of this audit, the controls reviewed herein are primarily operational processes performed by the custodian on behalf of TRS. Accordingly, recommendations resulting from this audit are directed to TRS management in support of their oversight responsibilities rather than to the custodian directly.

Areas Reviewed

Internal Audit evaluated selected controls and processes related to TRS oversight and third-party risk management of custodian services supporting investment pricing, valuation and reporting. The review included manual pricing adjustment controls; monitoring of over-the-counter derivative pricing tolerances and related exceptions; private market valuation statement collection against TRS-Custodian Service Level Agreement (SLA) requirements; and real estate quarter-end valuation processes, including manual data entry and review. The audit also assessed procedural documentation supporting custodian performed custom services, as well as custodian fee transparency and the availability of supporting invoice detail.

The audit did not include testing of controls related to asset safekeeping, including custody and safeguarding of assets; the custodian's enterprise-wide IT control environment; or operational processes unrelated to services provided to TRS. In addition, the scope excluded financial statement audit procedures, independent valuation testing and internal audit procedures.

Management Response Summary

Management is in full agreement with the audit observations and recommendations. The review appropriately highlights the importance of strong third-party risk management, transparency, and procedural discipline given the custodian's critical role in supporting TRS investment operations and decision making. Management appreciates Internal Audit's balanced assessment, including recognition of effective existing controls, and concurs that the recommended enhancements will further strengthen oversight, reduce key person risk, and support the reliability, resilience, and sustainability of custodian provided services. Management is committed to addressing the recommendations in collaboration with Legal, Compliance, and the custodian, consistent with TRS's risk management framework and evolving data governance expectations.

Background

TRS relies on an outsourced master custodian (“custodian”) to perform key custodial responsibilities supporting investment operations of the globally diversified Trust portfolio across public and private markets. TRS has retained its current master custodian since 2002.

The master custodian is responsible for safeguarding TRS assets and executing, recording, and reporting investment activity, including trade settlement, investment accounting, and securities processing. The custodian also produces and delivers investment and financial information, supports investment compliance requirements, and administers activities related to derivatives, securities lending, collateral and margin. These responsibilities support both internally managed and externally managed investment programs.

As an outsourced service provider, the master custodian is a critical component of TRS’s third-party risk management framework. TRS relies on the custodian’s systems, data interfaces and controls to support data accuracy, operational continuity and effective oversight. Accordingly, the design and operating effectiveness of custodial controls, including controls related to data integrity, processing accuracy, and service consistency, are critical to supporting reliable investment operations and oversight.

Results of the audit procedures are presented in more detail in the **Audit Results** section. Management has been responsive to the audit and is already implementing identified recommendations. The audit objective, scope and methodology are described in **Appendix A**. The summary of business objectives, risks and controls are described in **Appendix B**.

Scope

The scope of this audit includes activities related to custodian operational controls between September 2023 and August 2025. Audit fieldwork was performed during December 2025 – March 2026.

AUDIT RESULTS

Business Objective 1 – Ensure data including asset valuations, transaction records, and applicable reporting is complete, timely and reliable

The review found that the custodian's controls over manual pricing security adjustment, private market valuation statement collection completeness, and private markets quarterly valuation are operating as intended. The review also observed opportunities to enhance specific third-party risk management practices and to reduce key person risk as discussed below.

1.1 Third-Party Risk Management

Limitations in direct audit access to custodian IT controls reduce TRS's ability to independently assess third-party risks associated with critical investment data systems. Custodian systems provide critical data supporting TRS investment decision-making, reporting and oversight. Limitations in system design, implementation, or control execution may increase operational risk and the likelihood of incomplete or inaccurate pricing, valuation, or position information. Accordingly, sufficient transparency into third-party control environments is essential to effective third-party risk management.

During this review, Internal Audit had limited ability to directly observe or validate certain custodian IT controls. Confidentiality constraints, multi-client system structures, and restricted access to standard operating procedures and data logs limited the information available to assess the design or operating effectiveness of specific controls for the review period. While these constraints do not indicate deficiencies in the custodian's processes, they reduce TRS's direct visibility into controls supporting critical investment data and decisions.

1.1.1 Recommendation: Assurance and Oversight

Management should consult with Legal and Compliance to evaluate whether additional assurance mechanisms (e.g. enhanced SOC reporting and expanded rights to review information under confidentiality protections) are warranted to support TRS's oversight needs.

Management Response:

Management agrees with the audit observations and recommendation. Investment Operations will work with Legal & Compliance to evaluate whether additional assurance mechanisms are warranted to support TRS's oversight needs. Any determined additional assurance mechanisms will be implemented at next iteration of custodian contracting.

Target Date of Implementation: December 2028

1.1.2 Recommendation: Contract Alignment and Data Protection Expectations

Management should work with Legal & Compliance to ensure alignment of data protection controls and transparency with TRS oversight expectations. This may include access to documentation and client-segregated or anonymized data as needed.

Management Response:

Management agrees with the audit observations and recommendations. Investment Operations will work with Legal & Compliance to evaluate what actions are needed to enhance custodian contract language and oversight related to data protection, transparency, and audit support expectations. Any determined additional actions will be implemented at next iteration of custodian contracting.

Target Date of Implementation: December 2028

1.2 Manual Price Security Adjustment Process

The custodian's manual pricing security adjustment process was consistently applied, documented, and supported by appropriate segregation of duties. The custodian is responsible for manually pricing securities in accordance with agreed-upon pricing sources when market data is unavailable or deemed unreliable. Custodian personnel indicated that standard manual pricing procedures include documented pricing rationale, independent review and formal approval. Internal Audit tested a sample of twelve manually priced securities across twelve pricing dates from August 2024 through July 2025. The sample included common stocks, STIFs, interest rate swaps and total return swaps. For all items tested, documentation demonstrated preparer sign-off, independent reviewer approval, and support for the pricing determinations. The sample met all testing criteria, resulting in a 100% compliance rate and demonstrating consistent adherence to documentation standards and effective segregation of duties.

1.3 Over-the-Counter (OTC) Derivative Pricing Review Thresholds

Differences between the thresholds used by the custodian's derivatives team and the tolerance limits defined in the SLA increase the risk of undetected OTC derivative pricing errors, which may result in inaccurate performance calculations and reduced reliability of information used for portfolio decision-making. The custodian is responsible for reviewing pricing accuracy and monitoring price movements against SLA-defined thresholds. Interviews with custodian personnel indicated that this monitoring is performed through multiple touchpoints across the derivatives and securities valuation teams.

Price movements exceeding SLA-defined thresholds do not consistently receive independent validation, as external validation is generally limited to instances where the custodian derivatives team's validation threshold is exceeded. The review identified 681 price movements from custodian-provided pricing data that exceeded established tolerance thresholds for OTC derivative across fifteen auditor-selected dates within the two-year audit period. Of these, 89% (608) were below the threshold applied by the derivatives team, and as a result may not have been included in a comprehensive pricing accuracy review, potentially limiting independent validation coverage for a significant portion of identified price movements.

From these price movements, Internal Audit selected a sample of twelve OTC derivative holdings for detailed testing. For 83% of the sample (10 of 12), documentation was consistent with stated practices. For the remaining 17% (2 of 12), both involving variable-leg instruments, pricing movements exceeded the custodian's tolerance threshold and evidence of review or resolution was not available.

1.3.1 Recommendation: Tolerance Threshold Review

Management should review the pricing exception tolerance thresholds outlined in the TRS-Custodian agreement to confirm alignment with business needs and risk expectations.

Management Response:

Management agrees with the audit observations and recommendation. Investment Operations will work with Legal & Compliance to review the pricing exception tolerance thresholds outlined in the TRS-Custodian agreement to confirm alignment with business needs and risk expectations. Any determined additional actions will be implemented at next iteration of custodian contracting.

Target Date of Implementation: December 2028

1.3.2 Recommendation: OTC Derivatives Price Validation Expectations

Management should clarify and document expectations for custodian price validation practices and measures to be taken when SLA price thresholds are breached. These expectations could specify when internal confirmation is sufficient and when independent or external price validation is required, and they should be incorporated into the Servicing Level Agreement (SLA) to promote consistent treatment and documentation of OTC derivatives pricing exceptions.

Management Response:

Management agrees with the audit observations and recommendation. Investment Operations will work with State Street to evaluate what actions are needed to clarify and document for custodian price validation practices when SLA prices thresholds are breached and be incorporated into the SLA to promote consistent treatment and documentation of all derivatives. Any determined changes will be implemented during the next SLA review.

Target Date of Implementation: December 2027

1.4 Private Market Valuation Statement Collection Completeness

The custodian consistently met SLA requirements for the timely collection of private market valuation statements. The custodian is responsible for obtaining quarterly valuation statements or estimates from private market General Partners to support timely and accurate valuation and financial reporting. The SLA requires receipt of at least 95 percent of statements by the quarter-end reporting deadline, with receipt monitored by Investment Accounting. Review results showed consistent performance across five consecutive quarters from June 2024 through September 2025, with all periods meeting the SLA expectation and across these five quarters reviewed, receipt rates ranged from 96% to 99%.

1.5 Private Real Estate Quarter-End Valuation Processing

Private market quarter-end valuation processing for real estate investments was performed in accordance with the process described by custodian staff and resulted in accurate valuation outcomes. The review randomly selected twelve of the 161 private real estate (RE) investments held as of September 30, 2025, with vintage years ranging from 2016 to 2023. For all investments tested, custom valuation templates were completed and retained in accordance with described practices, and Net Asset Values were processed accurately.

Business Objective 2 – Ensure timely execution, processing and reconciliation of TRS assets/transactions

The review identified positive results with respect to custodian fee transparency. The review also observed an opportunity to enhance procedural documentation for custom services in order to reduce key person risk and further strengthen service consistency as discussed below.

2.1 Custom Services Procedural Guidance and Key Person Risk

Inconsistent levels of procedural detail for certain custom services increase key-person risk and may affect the consistency and reliability of outsourced operations. The custodian performs key outsourced investment operations for the Trust, and TRS management relies on the design and operating effectiveness of custodian controls to support consistent daily processing and accurate financial reporting.

Of the seventeen operating errors identified during 2025, custodian analysis¹ attributed 94% of errors (16 of 17) to staffing- or procedure-related causes. A review of selected custom processes identified inconsistencies in the level of detail across procedural documentation, with some procedures lacking sufficient specificity for new or backup staff to execute tasks independently. While TRS user entity responsibilities are defined within the SLA, gaps in custodian procedural documentation increases key-person risk and may limit the consistency and sustainability of custom services. Strengthening documentation expectations would further support consistent service delivery operational resilience, and effective TRS oversight.

2.1.1 Recommendation: Custom Service Procedural Guidance

Management should consider enhancing the TRS-custodian SLA to define expectations for maintaining sufficiently detailed and current procedural documentation for all identified key custom services. These expectations could include an annual inventory of custom services and periodic updates to procedural documentation to support continuity of operations and TRS oversight.

Management Response:

Management agrees with the audit observations and recommendation. Investment Operations will work with State Street to evaluate what enhancements to the SLA will better define expectations for maintaining sufficiently detailed and current procedural

¹ TRS & STT CE Annual 2025 Review, 2025 Operating Error (POE) Results – January 29, 2026

documentation for all identified key custom services, including an inventory with periodic updates. Any determined changes will be implemented during the next SLA review.

Target Date of Implementation: December 2027

2.2 Custodian Fee Transparency

Custodian fee invoicing was transparent, accurate and consistent with contractual terms for the period reviewed. The custodian is responsible for providing timely and sufficiently detailed reporting to support TRS validation of invoiced charges. A review of custodian invoices and supporting documentation for a three-month period found that all charges were consistent with the Master Custody Agreement and included adequate detail to support validation of billed amounts.

We appreciate the custodian's management and staff for their cooperation, courtesy, and professionalism extended to us during this audit. We also appreciate the support provided by IMD Investment Operations, TRS Investment Accounting, Legal and Compliance, Risk and Portfolio Management teams and senior management.

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Stephen Randall, CISA, CIA, AAIA
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This report is distributed to the following:

Audit, Compliance and Ethics Committee, TRS Board of Trustees
Brian Guthrie, TRS Executive Director
Caasi Lamb, TRS Deputy Director
Jase Auby, Chief Investment Officer
Kendall Courtney, Managing Director
Kerry Skehan, Investment Manager

APPENDIX A

Audit Objective, Scope, and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our 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. To conduct this performance audit, we determined that we are also independent per the generally accepted government audit standards requirements for internal auditors.

This performance audit was also conducted in conformance with the *International Professional Practices Framework* issued by the Institute of Internal Auditors, Inc.

AUDIT OBJECTIVE

The audit objective was to determine whether internal controls are in place and are working effectively to achieve the business objectives stated below and mitigate significant risks to meeting those objectives.

- Ensure data including asset valuations, transaction records, and applicable reporting is complete, timely and reliable
- Ensure timely execution, processing and reconciliation of TRS assets/transactions

SCOPE

The scope of this audit includes activities related to custodian controls between September 2023 and August 2025. Audit fieldwork was performed during December 2025 – March 2026.

METHODOLOGY

The audit methodology included obtaining information on management's business objectives and risks and focused on key processes and monitoring controls that Custodian management has established to address significant risks. To meet the audit objectives, the following procedures were specifically performed:

- Reviewed TRS Investment Policy Statement, TRS-custodian SLA, applicable laws and industry standards
- Reviewed and tested investment documents, custodian records and internal records
- Reviewed custodian's documentation of custom process and controls
- Solicited input and interviewed IMD leadership and selected stakeholders
- Conducted interviews discussing key processes and systems with custodian team members and management
- Performed additional tests as deemed appropriate

SAMPLE METHODOLOGY

Auditors selected nonstatistical samples, primarily through risk-based selection, for testing related to manual securities price adjustments, over-the-counter derivatives tolerance controls and real estate valuation processing. This sampling approach was chosen to focus audit resources on areas with higher risk of noncompliance or control weaknesses, consistent with professional judgment and GAGAS guidance. Conclusions and recommendations are limited to the exceptions identified from the sample and cannot be projected to the entire population.

APPENDIX B

Business Objectives, Risks, and Controls

For the Limited Review of Custodian Controls, we obtained information about the following business objectives, as well as the related risks and the management controls established to mitigate these risks:

Business Objectives	Ensure data including asset valuations, transaction records, and applicable reporting is complete, timely and reliable	Ensure timely execution, processing and reconciliation of TRS assets/transactions
Business Risks	<ul style="list-style-type: none"> • Limited private market valuation statement availability • Inaccurate manual price security adjustments • Derivatives pricing discrepancies • Private markets data integrity issues 	<ul style="list-style-type: none"> • Key person risk • Custom service inefficiencies/errors • Lack of custodian fee transparency • Delayed error detection/ remediation
Management Controls	<ul style="list-style-type: none"> • Private markets valuation process guidance • Manual price security adjustment process • Derivatives price tolerance controls • Private markets application controls • System and Organization Controls (SOC) reviews • Service Level Agreement (SLA) 	<ul style="list-style-type: none"> • Procedural guidance for custom custodian services • Detailed custodian fee breakdowns • Operating error escalation and resolution process
Controls Tested	<ul style="list-style-type: none"> • Private markets quarterly statement collection status • Real Estate quarter-end valuation process • Manual price security adjustment controls • Over-the-counter (OTC) derivatives price tolerance controls 	<ul style="list-style-type: none"> • Custom services procedural guidance • Custodian fee transparency