

NHRS Board of Trustees, Audit Committee  
April 11, 2017

**NOTE:** These minutes from the April 11, 2017 Audit Committee meeting were approved and executed at the May 9, 2017 regular meeting of the NHRS Audit Committee.

**Audit Committee  
Board of Trustees**

**Public Minutes  
April 11, 2017**

**New Hampshire Retirement System  
54 Regional Drive  
Concord, NH 03301**

Committee Members: John Beardmore, Chair; Bill Dwyer; Maureen Kelliher; Germano Martins, David McCrillis.

Staff: George Lagos, Executive Director; Mark Cavanaugh, Esq., Associate Counsel and Compliance Officer; Timothy Crutchfield, Esq., Chief Legal Counsel; Jack Dianis, Director of Finance; Larry Johansen, Director of Investments; Nancy Miller, Director of Member Services; Nina Calkins, Process Improvement Manager; Heather Fritzky, Controller; Nancy Cone, Internal Auditor.

Chair Beardmore called the meeting to order at 9:30 a.m. Upon a request from the Chair, a motion was made by Trustee McCrillis to accept the minutes of the Audit Committee meeting of March 21, 2017 as presented. Trustee Kelliher seconded the motion and it carried 4-0 with Trustee Dwyer abstaining.

The Committee then welcomed from KPMG David Gagnon, Lead Audit Engagement Partner, and Nicholas Stavros, Lead Audit Engagement Manager, to discuss the Fiscal Year-end 2017 Audit Plan. Mr. Gagnon indicated that the scope is similar to prior years with the exception of the new audit requirement for GASB 74. This is a new standard required to be adopted for year-end FY2017 which relates to the measurement of the OPEB (Other Post-Employment Benefits) liability and will be the basis for the allocation of that liability to NHRS participating employers effective with Fiscal Year-end 2018 in accordance with GASB 75. Mr. Gagnon indicated that it will be presented as a single OPEB Plan consistent with KPMG's review of the NHRS staff legal interpretation. For year-end FY2017, OPEB year-end FY2016 will also be recast in order to establish the opening balance for FY 2017. Trustee Beardmore inquired as to the deliverable for the GASB 74 audit. Mr. Gagnon replied that it will be referenced in the CAFR and will be a similar report as with GASB 67. As with GASB 67, Ms. Cone, the Internal Auditor, and the NHRS Employer Auditors will assist with the census data audits for GASB 74.

Mr. Lagos inquired as to the census data requirements for GASB 74 as opposed to GASB 67. Mr. Gagnon indicated that the specifics are yet to be determined.

Mr. Gagnon then indicated that the objectives of the audit remain the same as with past years, the CAFR, GASB 67 and 68, and now the addition of GASB 74. The responsibilities of NHRS and KPMG remain the same.

Mr. Stavros then discussed the audit approach, methodology, risk assessment and materiality. Mr. Gagnon added that the materiality threshold may differ between the CAFR, GASB 68 and now GASB 74.

On a motion by Trustee Martins, seconded by Trustee Dwyer, the Committee entered into a non-public session under RSA 91-A:3, II(c) to discuss a matter which could adversely impact the reputation of someone other than a member of the public body, on a roll call vote, as follows:

Ayes: Trustees Beardmore, Dwyer, Kelliher, Martins and McCrillis.  
Nays: None.

At the request of the Chair, KPMG representatives, Mr. Gagnon and Mr. Stavros, along with Ms. Cone, the Internal Auditor, remained for the non-public session.

On a motion by Trustee McCrillis, seconded by Trustee Dwyer, the Committee unanimously voted to conclude the non-public session. No votes were taken in the non-public session.

No further business came before the meeting.

A motion to adjourn made by Trustee Dwyer and seconded by Trustee Martins was carried unanimously.

*Respectfully submitted,*

*Nancy B. Cone*