

NHRS Board of Trustees, Audit Committee  
May 10, 2016

**NOTE:** These minutes from the May 10, 2016 Audit Committee meeting were approved and executed at the July 12, 2016 regular Meeting of the NHRS Audit Committee.

**Audit Committee  
Board of Trustees**

**May 10, 2016**

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

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

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

Chair Beardmore called the meeting to order at 8:30 AM. Upon a request from the Chair, a motion was made by Mr. McCrillis to accept the minutes of the Audit Committee meeting of April 12, 2016. Ms. Kelliher seconded the motion and it carried unanimously.

Ms. Cone then reviewed the status of the FY2016 Audit Plan and provided an update of the outstanding items on the Open Audit Issues Tracking System report as of May 1, 2016. Mr. Dwyer asked about the reasoning behind selecting the NH Department of Education as the pilot employer audit for the State of New Hampshire. Mr. Cavanaugh explained that this was agreed with the Department of Administrative Services (DAS) as this agency has a limited range of compensation types and is governed by a single collective bargaining agreement covering all 200 employees.

Ms. Cone then presented the FY2017 Internal Audit Risk Assessment and the draft FY2017 Audit Plan. She explained the methodology of the risk assessment process and the collaborative work performed with the NHRS Directors and Managers who completed the Self-Assessment Questionnaires and the Risk Assessment for their respective areas. All significant control systems or auditable entities were identified and the level of risk associated with each one was assessed. The information was compiled, identifying those areas with a high, medium and low level of risk. Ms. Cone explained that based on results of the Risk Assessment, the draft FY2017 Internal Audit Plan was developed by identifying those auditable entities with a higher potential to impair NHRS's ability to successfully accomplish its Mission and Objectives. The FY2017 Audit Plan will be on the June 14, 2016 Audit Committee

Agenda for approval. Mr. Dwyer indicated that this is a very robust Risk Assessment framework.

Mr. Crutchfield then explained the informational item related to the Employer Withdrawal Rule that will be presented for a vote at the Board of Trustees meeting. Upon adoption, Mr. Crutchfield will provide the transmittal letter to the Office of Legislative Services and the rule will become effective.

As there being no further business, the Committee tentatively scheduled the next meeting immediately prior to the Board meeting on Tuesday, June 14, 2016 at a time to be determined.

A motion to adjourn made by Ms. Kelliher and seconded by Mr. Martins was carried unanimously.

*Respectfully submitted,*

*Nancy B. Cone*