

NHRS Board of Trustees, Audit Committee  
April 13, 2021

**NOTE:** These minutes from the April 13, 2021 Audit Committee meeting were approved and executed at the May 11, 2021 regular meeting of the NHRS Audit Committee.

**Audit Committee  
Board of Trustees**

**Public Minutes**  
April 13, 2021

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

*The NHRS office was closed to the public as a result of COVID-19 and the meeting was held via video conferencing. Pursuant to RSA 91-A, all votes were by roll call.*

*Participating Committee Members:* Monica Mezzapelle, Chair; Maureen Kelliher; and Tim Lesko. Absent: Christopher Coates and Melvin Friese

*Staff participating:* Mark Cavanaugh, Esq., Associate Counsel and Compliance Officer; Frank Clough, Director of IT; Nancy Cone, Internal Auditor; Timothy Crutchfield, Deputy Executive Director and Chief Legal Counsel; Jan Goodwin, Executive Director; Larry Johansen, Director of Investments; Jay LaClair, Internal Auditor; Cecile Merrill, Project Manager; Nancy Miller, Director of Member Services; and Gerard Murphy, Director of Finance.

Upon ascertainment of a quorum, the Chair called the meeting to order at 9:30 a.m. Upon a request from the Chair, a motion was made by Trustee Lesko to accept the public minutes of the March 9, 2021 Audit Committee meeting. Trustee Kelliher seconded the motion and it passed unanimously.

Mr. LaClair then discussed the Audit Issues Tracker report which has five items that remain outstanding. Ms. Cone noted that the issues on this month's report are the same as those from last month. It was noted that Member Services' processing of the outstanding employer audit adjustments has been progressing but is slow due in part to employer non-responsiveness and staffing issues. Ms. Miller added that the employer adjustments issue will remain an issue on the Tracker month over month. She also mentioned that the revisions to the Member Services' procedures governing the employer audit adjustments have been completed. Trustee Mezzapelle questioned whether this meant that this issue would be eliminated from the Tracker. Ms. Miller replied that it is complete and ready to come off the Tracker.

There was a brief discussion of the extension of the due date for one outstanding issue relating to "follow up" employer audits that the Internal Auditor and Mr. Cavanaugh had previously agreed was appropriate due to staffing constraints and competing operational priorities.

Mr. LaClair discussed the FY2021 Internal Audit Plan noting the review of Access Rights to the PensionGold System for the Member Services department is currently underway. Ms. Cone will continue, in her consulting capacity, to oversee and administer the GASB audits. Additionally, Internal Audit continues to work with management to resolve the issues identified with the employer audit adjustment process, and there are several consulting activities in process.

Mr. LaClair then briefly discussed the Data Security Risk Reassessment Report received from the consultants as follow-up to the report dated January 2018. The report has been reviewed internally by Mr. Crutchfield, Mr. Clough, Ms. Cone, and Mr. Crepeault, the NHRS Information Systems Security Officer. The report included forty-four recommendations of which, thirty-five have been completed, five are ongoing annual tasks, and four are under further review.

Mr. Murphy discussed the FY2020 Plante Moran letter of opportunities to strengthen internal controls or increase efficiencies. The suggestions do not rise to a level of a reportable finding and are merely recommendations. The letter contains six recommendations. Three are repeat observations from FY2019 which Management has analyzed and decided not to implement as they believe the existing controls are sufficient. Three recommendations are new that pertain to member census data. Mr. Murphy noted that they have already addressed these three issues, and have chosen to eliminate the grid format and will use a narrative to present and submit these issues and management's responses. The Committee will see this new format at next month's meeting.

Ms. Merrill then provided an overview of the PGV3 implementation project. The project is 38% complete and Deliverable 3 (D3) is 51% complete. LRS continues to work on the development of the application, on testing and on the documents for Deliverable 3 (D3). LRS delivered the Mass Finalization customization, the largest customization to date, which will allow NHRS to finalize multiple retirees at one time. Work continues on data conversions. Conversion issues are completed and others are added. The largest conversion issues involve hundreds and thousands of records that need to be cleansed. D3 correspondence is being reviewed. Information is being reviewed, revised and combined where necessary. The correspondence is being passed to the Public Information Office for their review and input. The Team has also been working on the QDRO standardization process. The 2 templates for this process are nearly complete and will be used for the requirements of PGV3.

Ms. Cone noted that Mr. LaClair has assumed all the responsibilities of the Internal Auditor role, while she remains available for guidance and questions. She is now focusing on the GASB audits, working with the Employer Auditors. Letters requesting initial documentation have been sent to the sample of employers selected by Plante Moran and many employers have responded. She mentioned that Finance was able to provide early the reports that Plante Moran uses to make their sample selection. This allowed for an early commencement of the GASB audits.

No further business came before the Committee.

A motion was made by Trustee Kelliher to adjourn the meeting. Trustee Lesko seconded the motion and it passed unanimously.

*Respectfully submitted,  
Jay R. LaClair*