

NHRS Board of Trustees, Audit Committee  
December 2021

**NOTE:** These minutes from the December 14, 2021 Audit Committee meeting were approved and executed at the January 11, 2022 regular meeting of the NHRS Audit Committee

**Audit Committee  
Board of Trustees**

**Public Minutes  
December 14, 2021**

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

*Participating Committee Members:* Monica Mezzapelle\*, Chair; Christopher Coates\*, Maureen Kelliher, Tim Lesko, and Germano Martins.

*\*These Trustees participated remotely as permitted under RSA 100-A:14-a. As a result, all votes were by roll call.*

*Staff participating:* Jan Goodwin, *Executive Director*; Timothy Crutchfield, *Deputy Director and Chief Legal Counsel*; Mark Cavanaugh, *Associate Counsel and Compliance Officer*; Frank Clough, *Director of IT*; Heather Fritzky, *Assistant Director of Finance & Controller*; David Hill, *IT Systems Support Specialist*; Heather Hoffacker, *Internal Auditor*; Larry Johansen, *Director of Investments*; Nancy Miller, *Director of Member Services* and Gerard Murphy, *Director of Finance*.

*Attending Trustee:* Robert Maloney.

A roll call was taken and upon ascertainment of a quorum, the Chair called the meeting to order at 9:00 a.m.

Upon a request from the Chair, a motion was made by Trustee Kelliher to accept the public minutes of the November 9, 2021 Audit Committee meeting, subject to correction of the given date for the December 2021 meeting from the 12<sup>th</sup> to the 14<sup>th</sup>. Trustee Coates seconded the motion and the minutes were approved unanimously.

The Committee welcomed Plante Moran representatives: Bob Dobrowsky, Ross Klein, Spencer Tawa and Michelle Watterworth to discuss the FY21 Audit.

Mr. Dobrowsky opened the presentation with introductions. He discussed the effort that was made to ensure that the audit was completed remotely to the same standard as it would have been if Plante Moran had been onsite. Plante Moran is confident in the quality of the opinion provided.

Michelle Watterworth discussed that the audit resulted in an unmodified opinion, which is the highest level of assurance you can get. This indicates that the basic

financial statements present fairly in all material respects, the fiduciary net position of NHRS as of June 30, 2021, and the changes in its fiduciary net position for that year in accordance with generally accepted accounting principles.

Ross Klein discussed highlights from the End of Audit Letter. There were no difficulties or disagreements with management in performing the audit. No corrected misstatements or uncorrected misstatements were identified during the audit process. Two additional items were noted regarding management estimates within the financial statements. First, the challenges of valuing items that are not publically traded. Second, actuarial assumptions and factors based on the experience study performed in 2019.

Spencer Tawa discussed the Letter of Internal Control over Financial Reporting. No non-compliance or internal control deficiencies were identified as pertains to Governmental Auditing Standards. This ensures that all financial reporting is materially stated.

Chair Mezzapelle requested a motion to enter a non-public session and allow the Committee to meet privately with Plante Moran representatives. A motion was made by Trustee Lesko and seconded by Trustee Martins. The motion was approved unanimously and the Committee entered a non-public session under RSA 91-A:3, II(c).

On a motion by Trustee Kelliher, seconded by Trustee Lesko the Committee unanimously voted to conclude the non-public session. No votes were taken during the non-public session.

Mr. Murphy thanked Plante Moran. Everything including the Management Representation Letter has been signed off and turned over to Plante Moran. A draft of the Annual Comprehensive Financial Report (ACFR), minus the finalized unmodified opinion letter, has been sent to the Committee and full Board. Plante Moran is in process of finalizing the opinion letter and once it and other audit communication letters have been received by NHRS, they will be provided to the Committee and Board members. The audit opinions will then be incorporated into the ACFR and it will be finalized.

Upon request from the Chair, a motion was made by Trustee Kelliher and seconded by Trustee Lesko to approve and accept the Annual Comprehensive Financial Report for the fiscal year 2021 and to recommend to the full Board its acceptance and release of the audited report per RSA 100-A:15, VI(a) subject to receipt of the unmodified auditor's opinion. The motion was approved unanimously.

Ms. Hoffacker discussed the Audit Issues Tracker report. The Employer Auditing Process Consulting item has been closed. The Policy and Procedure Management Assignment and Follow-through Audit was completed and a closing meeting was held with Management.

Ms. Hoffacker discussed the Audit Plan. The design document for the Direct Deposit Risk Report has been approved and the report is being created. The Identification of Retiree Deaths Audit is in process.

Ms. Hoffacker discussed the Policy and Procedure Assignment and Follow-through Audit. The audit has been completed and a meeting was held with Management to discuss findings. Management's response is currently in process. Recommendations that were made as result of the audit were noted. More detail will be provided at the January meeting once Management's response is received.

Trustee Martins raised questions regarding the risk rating system used on the Audit Plan. A brief discussion followed regarding the administrative risk rating system in question and comprehensive risk prevention activities.

Mr. Murphy discussed the final two pieces of the Plante Moran FY21 Financial Audit. The FY21 GASB 68/75 report is the allocation of the proportionate share of Pension/OPEB liabilities among all of the employers. GRS hopes to have the draft report back to NHRS by the end of the month for us to share with Plante Moran. He stated Plante Moran will then conduct its audit, and that we are scheduled to have the report before the Audit Committee and the full Board at the February meetings.

Mr. Murphy then stated Plante Moran will submit a letter to NHRS containing a list of recommendations for opportunity to improve operations or internal controls, similar to a letter we have received in years past. NHRS staff will then develop responses to those recommendations, and action plans where applicable. Once complete, the letter and responses will be presented to the Audit Committee monthly until all of the recommendations are resolved.

No further business came before the Committee. The next meeting has been scheduled for January 11, 2022.

A motion was made by Trustee Martins to adjourn the meeting. Trustee Lesko seconded the motion. Trustee Coates was not available for a vote. The meeting was adjourned with a unanimous vote.

*Respectfully submitted,*

*Heather Hoffacker*