

NHRS Board of Trustees, Audit Committee
December 2022

NOTE: These minutes from the December 13, 2022 Audit Committee meeting were approved and executed at the January 10, 2023 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
December 13, 2022**

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

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

**This Trustee 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 Hoffacker, *Internal Auditor*; Marty Karlon, *Director of Communications and Legislative Affairs*; Raynald Leveque, *Chief Investment Officer*; Nancy Miller, *Director of Member Services*; and Marie Mullen, *Director of Finance*.

After 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 Martins to accept the public minutes of the November 8, 2022 Audit Committee Meeting. Trustee Lesko seconded the motion, and the minutes were approved unanimously.

The Committee welcomed Plante Moran representatives: Bob Dobrowsky, Ross Klein, and Michelle Watterworth to discuss the FY22 Audit.

Mr. Dobrowsky opened the presentation with introductions and the agenda. He noted that this team has worked with NHRS for the last 5 years.

Ms. Watterworth discussed Plante Moran's approach and experience in auditing public employee retirement systems in general.

Mr. Dobrowsky discussed audit communications and methodology. He also discussed changes in the independence requirements placed on Plante Moran's relationship with NHRS.

Ms. Watterworth discussed that NHRS has received an unmodified opinion for the FY22 Audit, which is the highest level of assurance you can get.

Mr. Klein discussed the audit results, including GASB 87 implementation. No corrections, uncorrected misstatements, or instances of material weakness were identified. Plante Moran will provide additional recommendations in the spirit of constant improvement at a later time.

Upon a request from Chair Mezzapelle, a motion was made by Trustee Lesko to move to a non-public session. Trustee Kelliher seconded the motion and after a roll call vote the meeting was moved to a non-public session as provided 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.

After returning from the non-public meeting, the Plante Moran representatives departed and, Ms. Mullen briefly discussed the FY22 Annual Comprehensive Financial Report (ACFR), which had been completed and to which the unmodified opinion letter from Plante Moran could be added. Chair Mezzapelle requested a motion to recommend that the full Board approve and accept the FY22 ACFR with the inclusion of the opinion letter. A motion was made by Trustee Martins and seconded by Trustee Lesko, and was unanimously approved.

Ms. Hoffacker discussed the outstanding items on the Internal Audit Tracker. The number of outstanding employer audit files waiting to be processed by Member Services is 5. The number of files requiring submissions from employers is 125. Combined, these total 130 files, 13 files less than the previous update.

Ms. Hoffacker discussed the creation of the Pension Recoupment Outstanding Funds Review Preliminary list of outstanding accounts in October by Member Services which is to be shared with the Legal and Finance Departments in December.

Ms. Hoffacker discussed that Member Services is currently working on the design for the death process in PGV3. The process in PGV3 is expected to generate a report and workflow for parties involved.

Ms. Hoffacker discussed the completion of the Public Markets NAV Portfolio Reconciliation Review Audit. The Audit was risk rated 1.40, a low-risk rating on the 2022 Risk Assessment and FY23 Audit Plan. This internal review is a control done by NHRS to verify that the reconciliation of accounts done by the custodial bank is acceptable to NHRS. As a result of the audit, Management has formalized the instructions for this process and posted them to the employee manuals in the HR training manual files and a log has been created to record the completion of the reviews.

Ms. Hoffacker discussed initiating an audit of the Alternative Investments Monitoring and Reporting process from the Audit Plan.

Ms. Hoffacker discussed updates to the Data Security Response document items #6 & #7 to reflect that NHRS has implemented multi-factor authentication for the Contact

Center; and item #25, indicating that a new text tree system was implemented and tested in November 2022.

Ms. Mullen discussed the remaining portion of the Plante Moran audit, GASB 68 & 75 report, "Allocation of the proportionate share for pension and OPEB among the employers." Once this item has been received from the NHRS' actuaries, Gabriel, Roeder, Smith & Company, in December, it will be forwarded to Plante Moran for its audit in January. This is expected to be presented to the Audit Committee and the Board of Trustees in February with any additional recommendations from Plante Moran and NHRS Management's response.

No further business came before the Committee. The next meeting has been scheduled for January 10, 2023

A motion was made by Trustee Martins to adjourn the meeting, seconded by Trustee Lesko, and approved unanimously.

Respectfully submitted,

Heather Hoffacker