

NHRS Board of Trustees, Audit Committee
February 9, 2021

NOTE: These minutes from the February 9, 2021 Audit Committee meeting were approved and executed at the March 9, 2021 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
February 9, 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; Melvin Friese; Maureen Kelliher; and Tim Lesko. *Absent:* Christopher Coates. *Also attending:* Trustee Robert Maloney.

Staff participating: George Lagos, *Executive Director*; Timothy Crutchfield, Esq., *Deputy Director and Chief Legal Counsel*; Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; Heather Fritzky, *Assistant Director of Finance/Controller*; Larry Johansen, *Director of Investments*; Cecile Merrill, *Project Manager*; Nancy Miller, *Director of Member Services*; and Gerard Murphy, *Director of Finance*.

The Chair called the meeting to order at 8:00 a.m. Upon a request from the Chair, a motion was made by Trustee Kelliher to accept the public minutes of the January 12, 2021 Audit Committee meeting. Trustee Lesko seconded the motion and it passed unanimously.

Mr. Murphy discussed the FY2020 GASB 68/75 audit reports which allocate to NHRS employers the net pension liability and the net other post-employment benefits (OPEB) liability determined in accordance with GASB 67/74. He stated the audits are completed and that we have the draft unmodified opinion letter from Plante Moran, with the final opinion letter anticipated today.

Upon request of the Chair, a motion was made by Trustee Lesko to recommend to the full Board that it accept the June 30, 2020 GASB 68 and 75 Reports, as presented, subject to receipt of an unmodified opinion letter from Plante Moran. Trustee Friese seconded the motion and it carried unanimously.

Now that the audits are completed, Mr. Murphy expects to receive Plante Moran's FY2020 opportunities to enhance controls letter which is planned to be on the Committee's agenda in March.

Ms. Cone discussed the Audit Issues Tracker report which has seven outstanding items with one completed since last month. The one completed item established a periodic review of bank account user access rights. Of the seven outstanding items, the Member Services response to the Employer Audit Record Adjustment Audit was noted as past due as it was not received by the due date, but has since been received.

Ms. Cone then reviewed the FY2021 Internal Audit Plan status that has several consulting activities in process. The follow-up Employer Audit Record Adjustment report was issued; however, outstanding issues remain unresolved.

Regarding the Data Security Remediation project, Mr. Lagos indicated that the Consultants' draft report has been received and reviewed. NHRS has suggested several revisions and forwarded them to the Consultants. It is expected that at the next Audit Committee staff will be prepared to discuss the status of remediation efforts.

Ms. Cone then discussed the transition to the new Internal Auditor with the selected candidate anticipated to start next week. She has been working on updating and documenting Internal Audit policies and procedures. Mr. Lagos thanked Ms. Cone for being flexible and continuing to manage the audit function through this transition period.

Ms. Merrill then provided an update on the status of the PGV3 implementation. The project is 35% completed and Deliverable 3 (D3) is 32% completed. NHRS and LRS are working on the seven approved change requests, incorporating them into the applicable design documents and identifying their impact on the project time line. The quarterly Steering Committee meeting is planned for this week with LRS, NHRS, and Segal, NHRS's project oversight Consultant. There are fourteen open data conversion issues in remediation. Workflows and correspondences for D3 are in process and a glossary of terminology is being prepared.

No further business came before the Committee.

A motion to adjourn made by Trustee Kelliher and seconded by Trustee Friese carried unanimously.

Respectfully submitted,

Nancy B. Cone