

NHRS Board of Trustees, Audit Committee
January 12, 2021

NOTE: These minutes from the January 12, 2021 Audit Committee meeting were approved and executed at the February 9, 2021 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
January 12, 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; Christopher Coates; Melvin Friese; Maureen Kelliher; and Tim Lesko.

Staff participating: George Lagos, *Executive Director*; Timothy Crutchfield, Esq., *Deputy Director and Chief Legal Counsel*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; 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 9:30 a.m. Upon a request from the Chair, a motion was made by Trustee Coates to accept the public and non-public minutes of the December 8, 2020 Audit Committee meeting. Trustee Kelliher seconded the motion and it passed unanimously. *Abstention:* Melvin Friese.

Ms. Cone discussed the Audit Issues Tracker report which has the same eight outstanding items as last month. Of the outstanding items, one will be long term as it will be addressed by the PGV3 upgrade, four were targeted to be completed by December 31, 2020, the 1st phase of the two issues relating to the Employer Audit Record Adjustment Audit dated January 8, 2020 is now expected to be completed by January 1, 2021 and the Member Services policies and procedures related to the same audit are expected to be completed by January 15, 2021. Monthly progress updates for this audit item will be provided.

Ms. Cone then reviewed the FY2021 Internal Audit Plan status. Five audits are completed along with two consulting activities and four consulting activities are in process. As a result of the Employer Audit Consulting Activity Report, Ms. Cone is working with Mr. Cavanaugh to streamline employer audit documentation. A new consulting activity was started to review the forms currently utilized by NHRS. Ms. Cone has attended numerous PGV3 Design meetings in order to have a better understanding of the revised processes.

Regarding the Data Security Remediation project, Mr. Lagos indicated that last month a meeting was held with the two external providers regarding this remediation project and we are waiting for their report.

Mr. Murphy indicated that all but one of the Plante Moran FY2019 opportunities for process improvement have been completed. The remaining one will be addressed once the draft GASB 68/75 reports are received from GRS, the NHRS consulting actuarial firm. Plante Moran provided a tool that NHRS can use to validate the information in the GRS draft GASB reports once they are received. NHRS will prepare the FY2020 GASB 68 and 75 reports to be audited by Plante Moran and expects them to be presented to the Audit Committee at the February 2021 meeting.

Ms. Merrill then provided an update on the status of the PGM3 implementation. The project is currently 33% complete and on schedule. Deliverable 3, Benefit Calculations, is 18% completed. Five design documents remain of which two will be approved this week and the remaining three are scheduled to be completed by January 25, 2021. There have been seven change requests and LRS is reviewing them to determine their impact on the project plan. Data conversion issues are being addressed and rectified. LRS and NHRS are working to address issues arising from employers who have reporting pay periods other than weekly, bi-weekly or monthly, to ensure their payments are reporting correctly in benefit calculations. LRS and staff are also working on addressing employer interest records as a result of the conversion in 2003 to PGM2. A Steering Committee meeting will take place this month with LRS, NHRS and Segal, the project consultant.

Mr. Lagos indicated his appreciation to Nancy Cone who retired at the end of December and offered to continue part-time to assist with the transition until a replacement is in place. A possible candidate has been identified and discussions continue.

No further business came before the Committee.

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

Respectfully submitted,

Nancy B. Cone