

NHRS Board of Trustees, Audit Committee
July 12, 2016

NOTE: These minutes from the July 12, 2016 Audit Committee meeting were approved and executed at the August 9, 2016 regular Meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

July 12, 2016

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

Committee Members: John Beardmore, Chair; Bill Dwyer; Germano Martins; and David McCrillis. Maureen Kelliher, absent.

Staff: George Lagos, Executive Director; Denise Call, Director of Employer Services; Mark Cavanaugh, Esq., Associate Counsel and Compliance Officer; Frank Clough, Director of Information Technology; Timothy Crutchfield, Esq., Chief Legal Counsel; Jack Dianis, Director of Finance; Larry Johansen, Director of Investments; Nancy Miller, Director of Member Services; Nina Calkins, Process Improvement Manager; Nancy Cone, Internal Auditor.

Chair Beardmore called the meeting to order at 9:18 AM. Upon a request from the Chair, a motion was made by Trustee Dwyer to accept the minutes of the Audit Committee meeting of May 10, 2016. Trustee McCrillis seconded the motion and it carried unanimously.

Ms. Cone then presented the final report of the Insurance Authorization Audit and indicated that the issues noted therein will be resolved with the automation anticipated to be implemented in September, enabling Employers to input the information into PensionGold and upload supporting documentation as opposed to Employer Services manually entering the information.

Ms. Cone then reviewed the status of the FY2016 Audit Plan noting that the internal audits are completed and 28 of 29 GASB 67 employer audits, performed by the Employer Auditors and reviewed by Ms. Cone, on behalf of KPMG are completed. She then provided an update of the outstanding items on the Open Audit Issues Tracking System report as of July 1, 2016. Mr. Lagos indicated that the IT Working Group will be meeting to prioritize PensionGold enhancement projects currently underway.

Ms. Cone then presented the proposed FY2017 Internal Audit Plan which is based on results of the FY2017 Risk Assessment. Auditable entities identified as higher risk and core operational processes were analyzed and prioritized to develop the Audit Plan. Trustee Beardmore inquired as to performing an IT Security Audit. Mr. Lagos indicated that substantial progress has been made since the last audit which was performed by KPMG in 2010 and consideration will be given upon completion of a penetration test expected to be performed in the near future. Ms. Cone will review the

previous audit and update the Committee as to the status of issues identified. Upon a request from the Chair, a motion was made by Trustee McCrillis to approve the 2017 Fiscal Year Internal Audit Plan. Trustee Dwyer seconded the motion and it carried unanimously.

Ms. Cone then presented the proposed NHRS Fraud Policy which applies to both the Board of Trustees and NHRS Staff. It was reviewed by the Governance Committee in June and recommended revisions were incorporated. Upon discussion, the Audit Committee recommended additional revisions to improve the Policy prior to presenting it to the Board for approval. Revisions will be made and the Policy will be forwarded to the Audit Committee for review and approval at its next meeting.

Mr. Dianis discussed with the Committee the recent release of the new GASB OPEB (Other Post Employment Benefit) reporting requirements. He also updated the Committee regarding KPMG's external audit field work schedule for the FY2016 audit.

As there being no further business, the Committee tentatively scheduled the next meeting immediately prior to the Board meeting on Tuesday, August 9, 2016 at a time to be determined.

A motion to adjourn made by Trustee Martins and seconded by Trustee Dwyer was carried unanimously.

Respectfully submitted,

Nancy B. Cone