

NHRS Board of Trustees, Audit Committee
July 9, 2019

NOTE: These minutes from the July 9, 2019 Audit Committee meeting were approved and executed at the September 10, 2019 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
July 9, 2019**

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

Committee Members in attendance: Bill Dwyer, Chair; Melvin Friese; Maureen Kelliher; Timothy Lesko. Absent: Christopher Coates.

Staff: George Lagos, *Executive Director*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Nancy Cone, *Internal Auditor*; Timothy Crutchfield, Esq., *Chief Legal Counsel*; Heather Fritzky, *Controller/Assistant Director of Finance*; Larry Johansen, *Director of Investments*; and Nancy Miller, *Director of Member Services*.

The Chair called the meeting to order at 10:00 a.m. Upon a request from the Chair, a motion was made by Trustee Kelliher to accept the public and non-public minutes of the June 11, 2019 Audit Committee meeting as presented. Trustee Friese seconded the motion and it passed 3-0 with Trustee Lesko abstaining.

Ms. Cone provided an update on Internal Audit activities. The FY2019 GASB 67 & 74 employer census data audits on behalf of Plante Moran are in process. Nineteen of the twenty-one employer audits have been completed and provided to Plante Moran. The remaining two, including the State of New Hampshire, are in process.

Ms. Cone reviewed the Audit Issues Tracker Report. One issue was completed during the month that related to the Employer Contribution Reconciliation Audit, and one remains that relates to the QDRO process, a portion of which is scheduled to be completed in July and the remaining portion will be addressed as a part of the implementation of PGV3. A review of the FY2019 Audit Plan indicated that four planned audits and three internal audit “consulting” items have been completed. The fieldwork is completed for the Finance Vendor Payroll Process Audit, which is expected to appear on the Audit Issues Tracker Report in August, and three consulting items are in process. A review of the FY2020 Internal Audit Plan indicated that the GASB 67 & 74 employer census data audits are in process.

Next, Ms. Cone provided an update on the Data Security Remediation project. Eighty-two percent of the items have been completed, which is an increase from seventy-nine percent as reported in May. All thirteen of the medium priority items and fourteen of

the twenty high priority items are completed. Of the remaining six high priority items, four are targeted to be completed by December 31, 2019 and two are long term, as they will be addressed in conjunction with the PGM3 upgrade. Of the thirty-five low priority items, sixteen, or forty-six percent, are completed. Of the remaining nineteen items, five are expected to be completed within ninety days, nine have targeted completion dates of greater than ninety days and five require further discussion.

Ms. Cone then discussed the status of Plante Moran's recommendations to strengthen internal controls or increase operating efficiencies. Of the original sixteen suggestions, fifteen have been completed and the remaining item, relating to the administration of insurance premium deductions and medical subsidy benefits that NHRS administers on behalf of certain employers, will be discussed with Plante Moran when they are onsite this month for pre-audit work.

Ms. Fritzky then provided an update on the status of the FY2019 audit. Plante Moran will be onsite the week of July 29, 2019 and information has already been provided to them and is under review. Less documentation will be required this year, as this is the second year with Plante Moran so the existing Internal Control Questionnaires will only need to be reviewed and updated as necessary.

The Committee unanimously agreed that, barring unforeseen circumstances, it would not be necessary to hold an Audit Committee meeting in August. The next meeting will be held prior to the September meeting of the Board of Trustees.

No further business came before the Committee.

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

Respectfully submitted,

Nancy B. Cone