

NHRS Board of Trustees, Audit Committee  
July 14, 2020

**NOTE:** These minutes from the July 14, 2020 Audit Committee meeting were approved and executed at the August 11, 2020 regular meeting of the NHRS Audit Committee.

**Audit Committee  
Board of Trustees**

**Public Minutes  
July 14, 2020**

**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 Tim Lesko, Chair; Christopher Coates; Melvin Friese; Maureen Kelliher; and Monica Mezzapelle.

*Staff participating:* George Lagos, *Executive Director*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; Timothy Crutchfield, Esq., *Chief Legal Counsel*; Larry Johansen, *Director of Investments*; 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 Friese to accept the public and non-public minutes of the June 9, 2020 Audit Committee meeting. Trustee Kelliher seconded the motion and it passed unanimously.

Ms. Cone then discussed the Audit Issues Tracker report that has eight outstanding items with two having revised target completion dates and one completed. Seven of the items are anticipated to be completed within the next few months and one will be addressed over the longer term with the implementation of PGV3. The Committee discussed streamlining the tracker, especially for those issues with a long history, but it was decided to maintain all of the history on the report.

She then reviewed the FY2020 Internal Audit Plan status for the final time. Five audits were completed along with nine consulting activities. The PensionGold User Access Rights audit is in process and has been forwarded to the FY2021 Audit Plan. The FY2021 Audit Plan also includes the GASB employer census data audits on behalf of Plante Moran, of which five of the twenty-two two audits are completed. Additionally, the audit of Microsoft Dynamics User Access Rights was recently completed and will be presented to the Committee in August. Also, there are several Consulting Activities in process.

Ms. Cone provided an update on the Data Security Remediation project. Of the sixty-eight items, sixty-one are completed and the remaining seven are long term and will be addressed in conjunction with the implementation of PGV3. Chair Lesko requested that the completed items be removed from the report and Ms. Cone will provide an update at least annually and anytime if there is an update to any of the PGV3 items. Mr. Lagos added that we are considering engaging a follow-up security audit to confirm that the recommendations in the original report have been addressed satisfactorily.

Ms. Cone then provided an update of the remediation of issues arising from Plante Moran's FY2019 GASB and CAFR audits. Six items are completed and of the remaining four opportunities to strengthen internal controls, all are expected to be completed by December 31, 2020. Mr. Murphy indicated that a memo has been recently provided to Plante Moran, outlining the steps taken to remediate the significant deficiency including the newly developed procedures and he is waiting for their response.

Trustee Lesko then discussed the periodic review of the Fraud Policy that was approved by the Board of Trustees on September 13, 2016. There were no recommended revisions and it was agreed no action was required.

Mr. Murphy then reviewed the status of the activities pending on the Actuarial Calendar. At today's Board of Trustees meeting, GRS will present the June 30, 2019 draft Valuation Report. It is anticipated that the Board will accept the report at its August meeting and employer contribution rates will be certified at the September meeting. Upon the request of Plante Moran and GRS, presentation to the Board of the audited GASB 68 and 75 reports originally scheduled for January 2021 will now be presented at the February meeting.

The Chair noted that there did not appear to be any matters requiring a non-public session today and the Committee members agreed.

No further business came before the Committee.

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

*Respectfully submitted,*

*Nancy B. Cone*