

NHRS Board of Trustees, Audit Committee
March 10, 2020

NOTE: These minutes from the March 10, 2020 Audit Committee meeting were approved and executed at the May 12, 2020 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
March 10, 2020**

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

Committee Members in attendance: Bill Dwyer, Chair; Christopher Coates; Melvin Friese. Absent: Maureen Kelliher; Timothy Lesko. Also attending: Trustee Robert Maloney and Monica Mezzapelle, the Deputy State Treasurer for the State of New Hampshire.

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*; 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 minutes of the February 11, 2020 Audit Committee meeting. Trustee Friese seconded the motion and it passed unanimously.

Ms. Cone discussed the Audit Issues Tracker report that has six outstanding items in the Member Services and Legal/Compliance areas. Of the six outstanding items, five are expected to be completed by June 2020 and one will be addressed in conjunction with the upgrade to PGV3. Trustee Dwyer indicated that the two items relating to the Employer Audit Record Adjustments process will be completed in phases upon completion of an analysis of the process and development of an action plan.

Ms. Cone then reviewed the FY2020 Internal Audit Plan. The audits of Employer Penalties and PensionGold user access rights are in process, along with six Consulting Activities. The FY2021 Risk Assessment is also in the beginning stages with a preliminary draft expected to be presented to the Committee at its May meeting. The Business Process Continuity testing was initially going to be performed with a simulated event in the building, but will now be performed to identify critical issues and develop preliminary action plans for responding to the emerging health crisis associated with the coronavirus.

Ms. Cone provided an update on the Data Security Remediation project. In the aggregate, eighty-four percent of the high, medium, and low priority items have been completed, which is the same as last month. Of the remaining eleven items, four are targeted to be completed within the next ninety days and seven are long term, as they will be addressed as a part of the PGM3 upgrade.

Ms. Cone provided an update of the remediation progress of Plante Moran's FY2019 finding of one Significant Deficiency as well as the eight Control Opportunities recommendations, consisting of one related to the GASB audit and seven related to the CAFR audit. Two of the Control Opportunities are completed, and of the remaining seven combined items, five should be completed within six months and two should be completed by December 2020. Mr. Murphy provided an update on the issues relating to the actuarial extract reports produced in PensionGold, which was the basis of the Significant Deficiency observation on the part of Plante-Moran. The reports have been reviewed in detail by staff, LRS (vendor for PensionGold), and GRS (the NHRS actuary), and discussed in a conference call. A meeting among this group is scheduled for the beginning of May in order to clarify the extract report issues.

Mr. Murphy then summarized the proposed actuarial calendar and indicated that it will be updated each month as needed.

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

As Trustee Dwyer is leaving his position as the New Hampshire State Treasurer at the end of the month, this was his last Audit Committee meeting. He noted his appreciation for the opportunity to Chair this Committee and the support received from staff. The Committee wished him well and acknowledged his contributions. Trustee Dwyer introduced Monica Mezzapelle who is expected to be confirmed as Commissioner of the Treasury for the remainder of Trustee Dwyer's term. She is currently the Deputy State Treasurer and prior to that was an Audit Manager in the Legislative Budget Assistant's Office. Trustee Dwyer is confident that she will be an asset to the NHRS Board of Trustees. Ms. Mezzapelle commented that she looks forward to working with the Board. Mr. Lagos thanked Trustee Dwyer for his good work with the Audit Committee, noting he has been a benefit to the Board and NHRS has been fortunate to have him as a Trustee.

No further business came before the Committee.

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

Respectfully submitted,

Nancy B. Cone