

NHRS Board of Trustees, Audit Committee
March 2023

NOTE: These minutes from the March 14, 2023 Audit Committee meeting were approved and executed at the April 11, 2023 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
March 14, 2023**

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

Participating Committee Members: Monica Mezzapelle*, *Chair*; Maureen Kelliher*, Tim Lesko, and Germano Martins*.

**These Trustees participated remotely as permitted under RSA 100-A:14-a. As a result, all votes were by roll call.*

Staff participating: Jan Goodwin, *Executive Director*; Timothy Crutchfield, *Deputy Director and Chief Legal Counsel*; Mark Cavanaugh, *Associate Counsel and Compliance Officer*; Jennifer Gordon; *Controller*, Heather Hoffacker, *Internal Auditor*; Marie Mullen, *Director of Finance*, and Raynald Leveque, *Chief Investment Officer*.

The Chair called the meeting to order at 9:30 a.m. and a roll call was taken to ascertain a quorum.

Upon a request from the Chair, a motion was made by Trustee Martins to accept the public minutes of the February 10, 2023 Audit Committee Meeting. Trustee Lesko seconded the motion, and the minutes were approved unanimously.

Ms. Hoffacker discussed the outstanding items on the Internal Audit Tracker. Currently there are no outstanding employer audit files waiting to be processed by Member Services. The number of files requiring submissions from employers is 119.

Ms. Hoffacker discussed that Management has determined that all nonessential projects have been put on hold in the departments affected by PGV3 parallel processing until after November 2023. This includes outstanding Internal Audit recommendations for the Audit Recoupment: Outstanding Funds Review; Alternative Investments Monitoring and Review: Market Value Confirmation Audit; and Alternative Investments Monitoring and Financial Reporting Procedure Audit.

Ms. Hoffacker discussed the Audit Plan, stating that the Market Value Confirmation Audit and the Alternative Investments Monitoring and Reporting Overview Audit had been completed. The Audited Financial Statement Reviews Audit has been placed on hold and Proxy Voting Compliance Monitoring has been chosen from the FY2023 Risk

Assessment list as the next audit. Proxy Voting Compliance Monitoring is expected to be completed and presented to the Audit Committee by June 2023.

Ms. Hoffacker discussed the Market Value Confirmation Audit. After reviewing the Audit findings with Management, it was agreed that written instructions for this procedure would be added to the Navex Global system. Detailed notation will be provided regarding concerns and adjustments made during the process, including access to supporting documentation. Additionally, this control will be reviewed and approved by either the Controller or an appropriate member of management.

Ms. Hoffacker discussed the Alternative Investments Monitoring and Financial Reporting Audit which is a compilation of subprocesses. After reviewing the results with management, it was agreed that the current procedure document will be split into separate documents for the Finance and Investment Departments. The documents will include simple details for secondary procedures and will reference instructions for key controls and processes. A matrix of current subprocesses combined with possible areas for improvement was provided to management. The final recommendation is that management review the items in the matrix and address any areas lacking controls or instructions.

Ms. Hoffacker mentioned that there were no updates regarding DRAPP.

Ms. Mullen presented Plante Moran's results for the GASB 68/75 audits that resulted in an unmodified opinion. The memo has been provided to the Board with the reports containing the audit opinion and these were provided for Audit Committee approval. The Chair requested a motion to recommend that the full Board accept the June 30, 2022, GASB 68 and 75 reports as presented. The motion was made by Trustee Lesko and seconded by Trustee Kelliher. The motion was approved unanimously.

Ms. Mullen provided an update on the Finance actions in the Plante Moran fiscal year 2022 opportunities letter indicating Finance would implement the agreed-upon changes by fiscal year-end. These will be addressed over time because of PGV3 testing, parallel planning and integration of new staff.

No further business came before the Committee. The next meeting has been scheduled for April 11, 2023.

A motion was made by Trustee Martins to adjourn the meeting, seconded by Trustee Kelliher, and approved unanimously.

Respectfully submitted,

Heather Hoffacker