

NHRS Board of Trustees, Audit Committee
October 9, 2018

NOTE: These minutes from the October 9, 2018 Audit Committee meeting were approved and executed at the November 13, 2018 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
October 9, 2018**

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

Committee Members: Bill Dwyer, Chair; Melvin Friese; Maureen Kelliher; Timothy Lesko.

Staff: Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; Jack Dianis, *Interim Director of Finance*; and Cecile Merrill, *Project Manager*.

Chair Dwyer called the meeting to order at 9:32 a.m. Upon a request from the Chair, a motion was made by Trustee Kelliher to accept the public minutes of the September 11, 2018 Audit Committee meeting as presented. Trustee Lesko seconded the motion and it carried unanimously.

Ms. Cone indicated that the fieldwork for the Employer Contribution Reconciliation Audit is in process and, per request from Executive Director George Lagos; she has been developing cost analysis for the PGV3 project along with an analysis of the information provided by the project management consultant, LRWL.

She then reviewed the FY 2019 Audit Plan and noted that the Employer Reconciliation Audit has been added to the Plan. The Audit Issues Tracking Report indicates that one issue was completed, leaving one outstanding issue. Trustee Dwyer inquired about what audits will be next. Ms. Cone indicated that she was considering either the QDRO process or PensionGold System User Access Rights.

Ms. Cone provided an update of the data security remediation project. Thirty-six percent of the items have been addressed through implementation of enhanced controls, while remediation efforts continue on the outstanding items. Meetings are scheduled this week with staff to provide an update on their respective issues. She indicated that several issues will remain long term as they are planned to be addressed in conjunction with the PGV3 project.

Mr. Dianis provided an update on the FY2018 external audit. The auditors, Plante Moran, are currently on site and plan to be here through October. The auditors are working collaboratively with staff and have been quick to understand NHRS accounting processes. Ms. Cone indicated that there are bi-weekly audit status

conference calls and Plante Moran provides the meeting notes within a few hours after each meeting.

Trustee Dwyer discussed the revised Audit Policy that was approved by the Committee at the September meeting and will be presented to the full Board for approval following this meeting.

Ms. Merrill provided an update regarding the PGM3 project. She discussed staffing progress, LRS contract review, and space planning for current and long-term space needs during the project. NHRS staff, outside counsel, and LRWL have reviewed the LRS contract and Statement of Work, and comments have been provided to LRS for consideration. Process workflows for Finance and Member Services have been reviewed and some will need to be updated prior to providing to LRS. A project kick-off meeting with all staff is planned for Monday October 15th, at which time the project Implementation Team will be introduced, the project status will be discussed, and information relating to the benefits of PensionGold Version 3 over Version 2 will be provided. Thirty-five data conversion issues were identified, twenty-four of which have been closed, and the remaining items are in process. Trustee Dwyer inquired as to an internal deadline to resolve the data conversion issues and Ms. Merrill responded December 31, 2018. Data cleansing is in process and will continue throughout the project.

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

No further business came before the meeting.

The next meeting is scheduled for Tuesday, November 13, 2018, before the regular Board meeting.

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

Respectfully submitted,

Nancy B. Cone