

NHRS Board of Trustees, Audit Committee  
October 13, 2020

**NOTE:** These minutes from the October 13, 2020 Audit Committee meeting were approved and executed at the November 10, 2020 regular meeting of the NHRS Audit Committee.

**Audit Committee  
Board of Trustees**

**Public Minutes  
October 13, 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, Monica Mezzapelle, Chair; Christopher Coates; Melvin Friese; Maureen Kelliher; and Tim Lesko.

*Staff participating:* George Lagos, *Executive Director*; Timothy Crutchfield, Esq., *Deputy Director and Chief Legal Counsel*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; 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 September 8, 2020 Audit Committee meeting. Trustee Lesko seconded the motion and it passed unanimously. *Abstention:* Melvin Friese.

Ms. Cone then discussed the PensionGold User Access Rights Finance and Legal Internal Audit Report for which no issues were noted. The Audit Issues Tracker report has four outstanding items with one item completed during September. One item will be long term as it relates to the PGV3 upgrade and the remaining three items relate to the Employer Audit Adjustment Internal Audit. A follow-up audit is in process and meetings with Member Services and Legal/Compliance departments have occurred in order to identify the backlogs in the process and determine means to increase the efficiency.

Ms. Cone then reviewed the FY2021 Internal Audit Plan status. She responded to questions from Plante Moran regarding the completed GASB census data audits. Since this update, the Bank and Investment Accounts User Access Rights Internal Audit fieldwork has been completed, the draft report issued and the final report will be presented at next month's meeting. Several consulting activities are in process including a new one requested by Management to review the Employer Auditing process.

Mr. Lagos indicated that there are no updates relating to the Data Security Remediation project. The consultants who performed the initial risk assessment have been contacted to perform a follow-up review to evaluate the progress and validate the results. NHRS is awaiting a response as to their availability.

Mr. Murphy then provided an update on the FY2020 audit. Finance received the last of the alternative investment statements and expects to close the books for FY2020 this week and send the financial information to the actuary. Starting this week Plante Moran is performing their remote fieldwork for the next three weeks and the FY2020 audit is on track. Regarding Plante Moran's FY2019 GASB and CAFR control opportunities, one item was completed in September and the remaining item is expected to be completed on time by December 31, 2020.

Mr. Murphy then discussed the actuarial RFP. Five proposals have been received and reviewed by the staff evaluation committee, and each of the firms that submitted a proposal will make a presentation this week to the staff evaluation committee. Staff plans to narrow the selection down to two or three finalists next week and present their recommendation to the Board of Trustees in November.

Mr. Crutchfield then presented the FY2020 Annual Code of Ethics Report Card that has been utilized for the last fourteen years as a best practice for self-reporting conflicts of interest. The survey is sent to all service providers (including investment managers), current and former Trustees, Independent Investment Committee members, and current and former NHRS employees. Of the one hundred seventy-five respondent requests, only three former employees did not respond, resulting in a ninety-eight percent response rate that is similar to prior years. Most importantly, none of the responses raised any compliance issues.

Upon a request from the Chair, a motion was made by Trustee Lesko to recommend to the full Board that it approve the results of the Ethics Report Card. Trustee Kelliher seconded the motion and it carried unanimously.

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

Ms. Cone then informed the Committee that she will be retiring at the end of the year. Committee members expressed their gratitude for her work and that she will be missed. She has enjoyed her time with the Committee helping them make substantial progress during the past five years. Mr. Lagos then thanked Ms. Cone for her years of service and the terrific job she has done. He noted that she has been very helpful in researching various operational issues and her analysis and assistance have been much appreciated.

No further business came before the Committee.

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

*Respectfully submitted,*  
*Nancy B. Cone*