

NHRS Board of Trustees, Audit Committee
September 13, 2016

NOTE: These minutes from the September 13, 2016 Audit Committee meeting were approved and executed at the October 11, 2016 regular Meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
September 13, 2016**

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

Committee Members: John Beardmore, Chair; Maureen Kelliher; Germano Martins; and David McCrillis. Bill Dwyer, absent.

Staff: George Lagos, Executive Director; Mark Cavanaugh, Esq., Associate Counsel and Compliance Officer; Frank Clough, Director of Information Technology; Timothy Crutchfield, Esq., Chief Legal Counsel; Jack Dianis, Director of Finance; Larry Johansen, Director of Investments; Heather Fritzky, Controller; Nancy Cone, Internal Auditor.

Chair Beardmore called the meeting to order at 9:05 AM. Upon a request from the Chair, a motion was made by Trustee Kelliher to accept the minutes of the Audit Committee meeting of August 9, 2016. Trustee Martins seconded the motion and it carried 3-0 with Trustee McCrillis abstaining.

Ms. Cone reviewed the status of the FY2017 Audit Plan noting that the fieldwork is completed for the Member Services Monthly Pension Benefit Roll Forward Audit and the report is being finalized. Based on findings discovered during this audit, an audit of Benefit Calculations and Adjustments has been added to the audit plan. Mr. Lagos added that this is an opportune time to perform this audit as this area has been undergoing a reorganization and it is a good time to review the new processes.

Ms. Cone then provided an update of the outstanding items on the Open Audit Issues Tracking System report as of September 1, 2016 noting that there are no changes from last month.

Chair Beardmore then opened discussion on the annual review of the Audit Committee Charter. After discussion, the Committee determined that no changes are warranted at this time.

Mr. Lagos then discussed the LRS PensionGold (PG) Version 2 (V2), NHRS's retirement administration system which has been in place since 2004, noting that significant investment is being made for enhancements to the current system. LRS presented a demonstration of the new web-based version of the system (V3) to NHRS Management.

The demonstration showed that there are potentially significant functionality improvements for NHRS, our members and our employers in PG V3 that are not available in PG V2. Additionally, the technology platform that is the basis for PG V2 is becoming outdated. While the benefits could be significant, it was recognized that an upgrade to PG V3 or to an entirely new system will require significant time, resources and cost to implement. Trustee Beardmore and Mr. Dianis then discussed alternative budgetary approaches of funding the potential upgrade. Mr. Lagos then indicated that a survey will be developed and submitted to other retirement systems that have been or are going through a similar process to solicit feedback regarding best practices and recommendations. Also, additional vendors will be contacted for presentations and a determination will then be made for next steps for this preliminary phase which can take from six to twelve months. It was agreed that an action plan would be presented to the Committee for its consideration at the October meeting.

No further business came before the meeting.

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

Respectfully submitted,

Nancy B. Cone