

NHRS Board of Trustees, Audit Committee
September 14, 2021

NOTE: These minutes from the September 14, 2021 Audit Committee meeting were approved and executed at the October 12, 2021 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
September 14, 2021**

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

Participating Committee Members: Monica Mezzapelle, Chair; Maureen Kelliher; and Tim Lesko. Absent: Christopher Coates. (one member position is open at this time)

Staff participating: Jan Goodwin, *Executive Director*; Timothy Crutchfield, *Deputy Executive Director and Chief Legal Counsel*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; Heather Hoffacker, *Internal Auditor*; Larry Johansen, *Director of Investments*; Cecile Merrill, *Project Manager*; Nancy Miller, *Director of Member Services*; Christopher Murphy, *IT Systems Administrator*; and Gerard Murphy, *Director of Finance*.

Upon ascertainment of a quorum, the Chair called the meeting to order at 9:05 a.m.

Upon a request from the Chair, a motion was made by Trustee Lesko to accept the public minutes of the July 13, 2021 Audit Committee meeting. Trustee Kelliher seconded the motion and it passed unanimously.

Ms. Cone discussed the Audit Issues Tracker report, which has the same four items outstanding as last month. The continued delay in the completion of employer audit adjustments that have been outstanding since the January 2020 report was discussed. It was noted that there are now 3 full time staff dedicated to this issue. She also noted a concern regarding delay in the processing of adjustments for employer audits completed since January 1, 2021.

Ms. Cone mentioned that the gap in employer audits completed by the employer auditors for April, May and June is to be expected because they were working on the GASB audits at that time.

The GASB employer census data audits have been completed and submitted to Plante Moran. To date no feedback has been received regarding these.

Ms. Hoffacker discussed the Info@ email internal audit as shown on the FY2022 Internal Audit Plan, which is currently in process and at 50% completion.

Ms. Cone then discussed the Data Security Risk Reassessment update. Seven items remain of which two are under review and five will be on-going.

Mr. Murphy discussed the Plante Moran financial audit scheduled for fieldwork in October. It is expected that Plante Moran's work will be a combination of remote and onsite. The presentation of the audit results will be in December.

The Chair discussed that the Fraud Policy was up for review and no changes have been proposed by staff. The Chair inquired if Committee Members had any changes they would like to raise for discussion and no changes were brought forward.

Mr. Murphy discussed the proposed changes to the Audit Committee Charter and the NHRS Funding Policy. Some of the proposed changes are housekeeping and some are connected to the topic of periodic actuarial audits. Mr. Murphy explained that periodic actuarial audits are recommended as a best practice and the previous actuarial audit performed by Segal was found to be beneficial. The proposed changes would formalize that actuarial audits will be conducted in the future. Trustee Kelliher inquired regarding the current proposed wording in the Audit Committee Charter suggesting to add an upper time limit while maintaining flexibility up to that limit. It was agreed to make said changes to the proposed wording. The Chair brought forward an additional update regarding the wording identifying the Comprehensive Annual Financial Report in the Audit Committee Charter. The correct title for this document is the Annual Comprehensive Financial Report. Upon request of the Chair, a motion to accept the proposed changes, as amended, to both the Funding Policy and the Audit Committee Charter were made by Trustee Kelliher and seconded by Trustee Lesko and it passed unanimously.

Next, Ms. Merrill provided an overview of the PGV3 implementation project. The overall project is 46% complete and Deliverable 3 (D3) Benefit Calculation is 89% complete. Deliverable 4 (D4) has been initiated and is currently at 4% complete. D4 includes benefit maintenance, QDRO's, insurance and medical subsidy. The user acceptance testing (UAT) underway for D3 involves more Test Cases and Scenarios than previous rounds of testing. It is resulting in more questions and failures than in the past UAT. Ms. Merrill is in the process of verifying that testing is being assigned to testers appropriately. Regarding D4, staff is currently reviewing in-scope and out-of-scope requirements and meetings are scheduled this week for wrap-up of this review. Once these are complete, the out-of-scope items will be submitted to determine the costs and time necessary to make changes. The most recent data conversion testing resulted in 49 total issues, of which eight (8) have been closed and 11 are in process to be corrected.

No further business came before the Committee. The next meeting has been scheduled for October 12, 2021.

A motion was made by Trustee Lesko to adjourn the meeting. Trustee Kelliher seconded the motion and it passed unanimously.

Respectfully submitted,

Heather Hoffacker