

NHRS Board of Trustees, Audit Committee
September 2022

NOTE: These minutes from the September 13, 2022 Audit Committee meeting were approved and executed at the October 11, 2022 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
September 13, 2022**

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

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

Staff participating: Jan Goodwin, *Executive Director*; Frank Clough, *Director of IT*; Kelly Brown, *Controller*; Heather Hoffacker, *Internal Auditor*; Nancy Miller, *Director of Member Services*; and Christopher Murphy, *IT Systems Administrator*.

A roll call was taken and upon ascertainment of a quorum, the Chair called the meeting to order at 9:30 a.m.

Upon a request from the Chair, a motion was made by Trustee Martins to accept the public minutes of the July 12, 2022 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. The number of outstanding employer audit files waiting to be processed by Member Services on September 1st was 19. The number of files requiring submissions from employers was 133. Combined these total 152 files outstanding, 9 files less than in August.

Ms. Hoffacker discussed the completion of the recommendations pertaining to the Identification of Retiree Deaths engagement. The use of LexisNexis has been added to the process and the updated procedures have been added to the policy and procedure management system.

Ms. Hoffacker stated that the Audit Recoupment: Outstanding Funds Review has been completed and 2 items have been added to the Audit Tracker resulting from this audit.

Ms. Hoffacker has completed the review of and uploaded 21 of the 22 employers chosen by Plante Moran for census data audits. The remaining file will be uploaded to Plante Moran once additional documentation is received from the employer.

Ms. Hoffacker stated that there were no updates for DRAPP for the quarter.

Ms. Hoffacker discussed the Pension Recoupment – Outstanding Funds review engagement which was completed and presented to the Audit Committee. The engagement was done to determine the likelihood that money sent to retirees after death would be collected after notification of death. To test this, a query was requested and a sample of accounts with notification dates between 1/1/2020 and 12/31/2021 was obtained. There were 1,058 files included in the process and after analysis of numerical data alone, there were 236 files requiring manual review. The result of internal audit's review was that as of August 4, 2022, \$378,159.00 (22%) of the sample funds sent to retirees after death was still outstanding.

There are 2 recommendations resulting from this engagement: 1) these outstanding balances be treated as account receivable and a tracking and monitoring system be created that is accessible by the Finance/Accounting, Member Services and Legal departments; and 2) all accounts currently having outstanding balances need to be identified and addressed as appropriate.

Ms. Hoffacker mentioned her intention to obtain the Certified Internal Auditor certification.

The chair discussed that the Audit Policy and Audit Committee Charter were both up for review and that no changes had 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.

No further business came before the Committee. The next meeting has been scheduled for October 11, 2022.

A motion was made by Trustee Kelliher to adjourn the meeting, seconded by Trustee Martins, and approved with a unanimous vote.

Respectfully submitted,

Heather Hoffacker