

NHRS Board of Trustees, Audit Committee
November 10, 2015

NOTE: These minutes from the November 10, 2015 Audit Committee meeting were approved and executed at the December 8, 2015 meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
November 10, 2015**

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

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

Staff: George Lagos, Executive Director; Denise Call, Director of Employer Services; Frank Clough, Director of Information Technology; Timothy Crutchfield, Esq., Chief Legal Counsel; Jack Dianis, Director of Finance; Larry Johansen, Director of Investments; Nancy Miller, Director of Member Services; Nina Calkins, Process Improvement Manager; Mark Cavanaugh, Esq., Associate Counsel and Compliance Officer; Heather Fritzky, Controller; and John Browne, Internal Auditor.

Chair Beardmore called the meeting to order at 8:45 AM. Upon a request from the Chair, a motion was made by Mr. Dwyer to accept the minutes of the Audit Committee meeting of October 13, 2015. Ms. Kelliher seconded the motion, and it carried unanimously.

The Chair then asked Mr. Dianis to update the Committee on the status of the unaudited Comprehensive Annual Financial Report (CAFR) for Fiscal Year (FY) 2015. He noted the unaudited CAFR had been completed by the end of October as required by statute, and was now with KPMG for review and audit. He noted that while the statute allows KPMG to complete their audit work by December 31, 2015, the plan was for KPMG to finish their work in advance of the December Audit Committee meeting so that the Committee can act to accept and approve the CAFR as required per RSA 100-A:15, VI(a). Per a question from the Chair as to whether there were any noteworthy changes to the CAFR this year, Mr. Dianis responded that there were really no significant modifications and noted that most of the GASB (Government Accounting Standard Board) changes impacted the employers and not the System for fiscal year 2015.

On a motion from Mr. Dwyer, seconded by Mr. McCrillis, the Committee voted to enter into non-public session under RSA 91-A:3, II(c) to discuss the Request For Proposal for audit services on a roll call vote, as follows:

Ayes: Trustee Beardmore, Dwyer, Kelliher, Martins, and McCrillis.

Nays: None

On a motion by Trustee Kelliher, seconded by Trustee McCrillis, the Board unanimously voted to conclude the non-public session.

No votes were taken during the non-public session.

Pursuant to the authority vested with the Audit Committee under RSA 100-A:15, VI(a), Chair Beardmore then entertained a motion to authorize NHRS staff to enter into a two-year (FY 2016 & 2017) with an option for a third year (FY 2018) audit engagement agreement with KPMG, subject to satisfactory conclusion of contract terms. The motion was made by Ms. Kelliher, seconded by Mr. Dwyer, and it carried unanimously.

Next Chair Beardmore asked for an update on the Employer Withdrawal Draft Rules. Mr. Crutchfield explained that at the last meeting recent revisions to the Employer Withdrawal Policy had been approved and the policy would be going before the full Board that day. Mr. Crutchfield then explained that the draft rules mirrored the Policy. The benefit of promulgating the rules through JLCAR is that they would have the full force and effect of a law. Based on a brief discussion, Mr. McCrillis made a motion to recommend to the full Board that it approve the Employer Withdrawal Draft Rules Ret. 311 and 313 as presented. This was seconded by Mr. Martins, and it carried unanimously.

Mr. Browne then provided an update on the Open Audit Issues Tracking System. He stated there were three issues outstanding from the prior month, none of which had October completion dates and that there had been no changes to the tracking system.

Mr. Browne then reviewed internal audit activity for the past month. He noted that all thirty two GASB 67 census audits had been completed and that there were no major exceptions. A few minor items were presently being followed up on with KPMG, and were expected to be resolved shortly. He noted letters had been sent to all the employers - thanking them for their help and cooperation during the GASB audit process.

Mr. Browne also reviewed with the Committee the report on the Member Retirement Processing audit. He said he had reviewed controls over the process and had tested thirty service or early retirement members who had retired over the past twelve months. He said no exceptions had been identified, and he rated overall controls effective. He briefly reviewed the retirement process with the Committee noting there were a number of checks and balances in the process of taking the application, collecting the documentation, and calculating the retirement benefit. Specifically he noted the benefits staff had a certification process to verify all payments before the preliminary and final retirement benefits were released.

As part of Other Business, Mr. Lagos updated the Committee on the search for an auditor to replace Mr. Browne who will be retiring at the end of December. He stated that a number of candidates had been interviewed, and he hoped to fill the position

before Mr. Browne leaves so that there could be orientation and training for the new auditor.

As there being no further business, the Committee scheduled the next meeting for prior to the Board meeting on Tuesday, December 8, 2015.

A motion to adjourn was made by Mr. Dwyer, seconded by Mr. Martins, and it carried unanimously.

Respectfully submitted,
John F. Browne