2.2 – Audit Committee Charter

Date Adopted: January 10, 2012
Amended & Restated: February 10, 2026
Revised: August 4, 2026

Purpose

The Audit Committee is a standing committee established to assist the Board of Trustees in fulfilling its fiduciary and oversight responsibilities with respect to the integrity of NHRS' financial reporting, the effectiveness of internal control systems, the performance of external and internal audit functions, and NHRS' compliance with applicable laws, regulations, and the Board's Ethics Policy.

Authority

The Audit Committee is authorized to carry out its responsibilities in accordance with RSA 100-A and is empowered to:

1. Select a qualified independent auditor to conduct audits pursuant to RSA 100-A:15, VI.

2. Resolve any disagreements between management and the internal or external auditors regarding financial reporting, internal controls, or compliance with applicable laws, regulations, and the Ethics Policy.

3. Approve all audit and non-audit services to be performed by the external auditors.

4. Recommend independent counsel, accountants, or other professionals to the full Board for final approval to advise the Committee or assist in fiduciary reviews or investigations.

5. Request and obtain any information necessary from employees (all of whom are directed to cooperate with the Committee's requests) or external parties.

6. Meet with officers, internal auditors, and external auditors as necessary to fulfill their oversight duties.

Composition

The Audit Committee shall consist of up to five members appointed by the Board Chair. The Chair of the Audit Committee shall also be appointed by the Board Chair. The State Treasurer shall serve as a permanent member of the Committee.

Meetings

1. The Audit Committee shall meet at least six times per year, with authority to convene additional meetings, as circumstances require.

2. Meetings will be held in accordance with New Hampshire open meeting requirements under RSA 91-A, RSA 100-A:14-a and the Board Meeting Protocol.

3. Members may attend meetings in person or via teleconference or videoconference. A quorum shall consist of a majority of the Committee members. Any Trustee may attend and participate in discussions; only Committee members may vote. If any Committee member is attending via teleconference or videoconference, all votes shall be by roll call.

4. Meeting agendas and briefing materials shall be distributed in advance.

5. Minutes shall be prepared by staff and maintained in accordance with NHRS records policies.

6. The Committee may invite members of staff or others to attend meetings and provide pertinent information, as necessary.

Staffing

The Executive Director shall appoint a senior staff member who shall act as staff liaison to the Committee. NHRS staff shall assist the Committee in fulfilling its responsibilities.

Responsibilities

The Audit Committee shall:

1. Financial Statements:

   - As determined by the Director of Finance and the external auditor, review significant accounting and reporting issues, including complex or unusual transactions, subjective areas, and recent professional or regulatory pronouncements, and assess their impact on the financial statements.

   - Review with management and the internal and external auditors the results of their respective audits, including any difficulties encountered.

   - Review the annual financial statements for completeness, consistency, and adherence to appropriate accounting principles.

   - Review and approve the Annual Comprehensive Financial Report prior to its release for accuracy and completeness.

   - Review with management and the external auditor all matters required to be communicated under Generally Accepted Governmental Auditing Standards.

   - Review interim financial reports with management and external auditors before filing, confirming completeness and consistency.

2. Internal Control:

   - Evaluate the effectiveness of internal control systems, including information technology security and controls.

   - Understand the scope of internal and external auditors' review of internal control over financial reporting and review significant findings and management's responses.

3. Internal Audit:

   - Review the internal audit function's activities, staffing, and annual work plan with the Executive Director and the Internal Auditor provider.

   - Assess the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' Global Internal Audit Standards and the American Institute of Certified Public Accountants.

   - Meet regularly with the Executive Director and Internal Auditor provider to discuss any matters that should be brought before the Committee.

4. External Audit:

   - Review the external auditors' proposed audit scope, contract terms, and approach, including coordination with internal audit.

   - Evaluate the performance of the external auditors and approve their appointment or termination.

   - Confirm the independence of the external auditors by reviewing statements regarding relationships with NHRS, including non-audit services.

5. Compliance:

   - Review NHRS' effectiveness in monitoring compliance with laws, regulations, and the Ethics Policy, including management's investigations and follow-up actions.

   - Review findings from regulatory examinations and external audits.

   - Review the process for communicating and monitoring compliance with the Ethics Policy across personnel, the Board, and the Independent Investment Committee.

6. Reporting Responsibilities:

- Regularly report to the Board of Trustees on Committee activities, issues, and recommendations.

- Maintain open communication between the Internal Auditor provider, external auditors, and the Board of Trustees.

- Review any NHRS reports relevant to the Committee's responsibilities.

7. Other Responsibilities:

   - Institute and oversee special investigations, as needed.

   - Oversee periodic actuarial peer audits as recommended by the GFOA and approved by the Board, unless there has been a change in actuarial firms since the last actuarial audit.

   - Perform other audit-related activities as requested by the Board of Trustees.

   - Review this Charter at least annually and recommend revisions for Board approval.