

5.1 – Audit Policy

Date Adopted: October 12, 2010

Amended & Restated: February 10, 2026

Revised: August 4, 2026

I. Purpose and Intent.

State law requires that NHRS undergo an independent financial audit every year. The Board has the overall responsibility for both the external financial audit and the internal audit program for NHRS. The purpose of this policy is to establish the parameters within which those responsibilities shall be performed.

II. Policy.

A. External Financial Audits. An external financial audit of NHRS accounting records will be conducted annually by an outside independent accounting firm. The firm will be selected by the Audit Committee through a Request for Proposal (RFP) process, and monitoring of the annual audit will be performed by the Audit Committee. The Audit Committee may establish an Advisory Committee consisting of non-Board members who are certified public accountants and others working in the public accounting field to assist in its auditing functions.

The Board determines the scope of the audit engagement and may add other areas to the audit in addition to those required by RSA 100-A:15, VI. The auditor shall present the audited financial report and resulting findings to the Audit Committee for its approval and acceptance by December 31 each year unless the Board of Trustees, for good cause, shall extend such period.

The Staff is expected to cooperate fully with reasonable requests of the auditors. Written audit findings and management letters will be provided to the Audit Committee along with staff responses to the findings. The documents will be distributed to the Audit Committee as soon as is practicable before the meeting at which they are to be discussed. The Audit Committee Chair will arrange for the Director of Finance to periodically update the full Board on the progress and status of the annual audit.

B. Performance Audits. The Audit Committee may select a qualified independent auditor to conduct performance audits on any topic and at any time it deems prudent and appropriate.

C. Internal Audit. NHRS will either outsource or maintain, at the discretion of the Executive Director, an internal audit function to provide independent, objective assurance and guidance to improve operations and ascertain that the assets are appropriately safeguarded and that sound internal controls exist.

The provider is responsible for this function and shall take a systematic, disciplined approach to evaluating and improving the effectiveness of risk

management, internal control, and governance processes. Specifically, the provider shall:

- Periodically, perform a risk assessment to identify all business processes and assess the risk level associated with each;
- Present to the Audit Committee for approval an annual audit plan incorporating functional areas or processes identified as high risk and those with known concerns;
- Provide advice to the management of NHRS because of its activities in a consultative manner to improve operations; and
- Report regularly to the Audit Committee on its plans, activities, staffing, and accomplishments.

To ensure the proper exercise of the responsibilities of the function, the provider shall have unrestricted access to the Audit Committee and the Board of Trustees; similarly, the Audit Committee shall have unrestricted access to the provider, including meetings held in nonpublic session in conformity with RSA 91-A, whenever necessary. The provider shall have complete access to all records, files, information systems, personnel, contractors, physical properties, and any other relevant items to aid in accomplishing its mission.

Written audit findings and recommendations will be provided to the Audit Committee and/or the Board along with staff responses to the findings.

The provider of internal audit services shall be professionally trained and follow the standards of the Institute of Internal Auditors' International Standards "Global Internal Audit Standard" for Internal Auditing, or the American Institute of Certified Public Accountants for the Professional Practice of Internal Auditing, as appropriate.