NHRS Board of Trustees, Audit Committee
February 12, 2019

NOTE: These minutes from the February 12, 2019 Audit Committee meeting were approved and executed at the March 12, 2019 regular meeting of the NHRS Audit Committee.

**Audit Committee
Board of Trustees**

**Public Minutes
February 12, 2019**

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

Committee Members in attendance: Bill Dwyer, Chair; Christopher Coates, *via telephone*; Maureen Kelliher; Timothy Lesko. Absent: Melvin Friese.

Staff: George Lagos, *Executive Director*; Mark Cavanaugh, Esq., *Associate Counsel and Compliance Officer*; Frank Clough, *Director of IT*; Nancy Cone, *Internal Auditor*; Timothy Crutchfield, Esq., *Chief Legal Counsel*; Heather Fritzky, *Controller/Assistant Director of Finance*; Larry Johansen, *Director of Investments*; Cecile Merrill, *Project Manager;* Nancy Miller*, Director of Member Services;* and Gerard Murphy*, Director of Finance.*

Chair Dwyer called the meeting to order at 10:03 a.m. Upon a request from the Chair, a motion was made by Trustee Lesko to accept the public minutes of the January 8, 2019 Audit Committee meeting as presented. Trustee Kelliher seconded the motion and it carried unanimously.

Ms. Cone presented the IT Employee New Hire/Separation Procedures Audit Report, indicating that no issues were noted. She then discussed the Audit Issues Tracker report that contains the same four items as last month, all of which are targeted to be completed within sixty days.

Ms. Cone then discussed the FY2019 Audit Plan. Two audits are completed and one is in process. A review of the member interest calculation is in process and was added as an ancillary item. As recommended in the Information Security Risk Reassessment Report, she has been having security and control round table discussions with staff with no management present. The discussions have been well received and there have been many suggestions to enhance security and controls.

She then provided an update of the Data Security Remediation project. Sixty-four percent of the items have been completed, an increase from sixty-one percent reported in January. Of the remaining twelve items, eleven are targeted to be completed within the next ninety days and nine within the next thirty days.

Ms. Cone then discussed the status of Plante Moran's' suggestions to strengthen internal controls or increase operating efficiencies. Of the original sixteen suggestions,

thirteen were completed either by the end of the audit or since then; two are scheduled to be completed within the next sixty days; and one needs further discussion. The Chair commented positively on the amount of progress which had been made during a short period of time. He also inquired as to the suggestion related to the storage of check stock. Ms. Fritzky explained who has access to the stock and the associated access and system controls in place, including the automated printing of checks rather than manually-prepared checks.

Mr. Murphy then provided an update of the Actuarial Audit. Pursuant to the approval by the Board of Trustees last month, the contract has been signed with Segal Consulting to perform an actuarial audit of NHRS' actuary, GRS. He has communicated with Segal and GRS to ensure that Segal has all the information they need in order to perform the audit. In addition to emails between NHRS and/or Segal Consulting and GRS in order to clarify information, formal weekly status calls have been established to monitor progress. Segal is on schedule to provide a draft report at the end of April and a final report to the Board of Trustees at its May or June meeting.

The Chair noted that there did not appear to be any matters requiring a non-public session and the Committee members agreed.

No further business came before the Committee.

The next meeting is scheduled for Tuesday, March 12, 2019, before the regular Board meeting.

A motion to adjourn made by Trustee Kelliher and seconded by Trustee Lesko was carried unanimously.

Respectfully submitted,

Nancy B. Cone