

**AUDIT COMMITTEE MEETING MINUTES
OF TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)
December 12, 2014**

The Audit Committee of the Board of Trustees of the Tennessee Consolidated Retirement System met on Friday, December 12, 2014, at 8:00 a.m. The meeting was held in the Legislative Plaza, Room LP 30 with Chairman Michael Barker presiding.

The following members were present: Chairman Michael Barker; Mayor Ken Wilber, Tennessee Municipal League; Commissioner Rebecca Hunter, Tennessee Department of Human Resources.

Others present were: Mr. David Lillard, Jr., State Treasurer; Charles Archer, Unconfirmed TCRS Audit Committee Member, Department of Revenue; Mr. Andy Furlong, Director of Internal Audit, Department of Treasury; Mr. Jamie Wayman, Assistant Director of TCRS; Britt Wood, Internal Auditor, Department of Treasury; Ms. Suzanne Smotherman, Internal Auditor, Department of Treasury; and Mr. Andy McArthur, Internal Auditor, Department of Treasury.

Call Meeting to Order

Chairman Barker called the meeting to order. Unable to recognize a quorum, Chairman Barker asked if there were questions about the minutes of the prior meeting. No questions were raised by those present. Chairman Barker stated that the Committee would abstain from approving the minutes until a quorum was present.

Auditing the Concord System

Britt Wood discussed the plans and procedures to perform auditing test work using Audit Command Language (ACL) software and Audit Exchange (AX) software for the Concord system. Ms. Wood will be developing tests in consultation with other Treasury Internal Auditors utilizing AX as a means of conducting continuous audit tests. Ms. Wood reviewed some of the tests that have been developed to provide an example of the capabilities available within ACL and AX.

Approval of Minutes from September 26, 2014 Meeting

Chairman Barker recognized a quorum with the arrival of Commissioner Hunter. Chairman Barker asked if there were any recommended changes to the September 26, 2014 Audit Committee meeting minutes. There were no changes or additions recommended. Mayor Wilber made a motion to accept the minutes. Commissioner Hunter seconded the motion. The minutes were unanimously approved.

Concord Update

Mr. Wayman delivered the Concord update in the absence of Ms. Jill Bachus. Mr. Wayman stated that Concord has been live for six months. The implementation team is still working through problem incident reports (PIRs), but the system is operating as intended thus far. Mr. Wayman stated that PIRs are addressed by the Deloitte team assigned to Concord. The Deloitte team will review the PIR, develop a solution in a test environment, and implement the solution in the live Concord environment when appropriate. PIRs are closed when the problem is deemed to be corrected in the live Concord environment.

Mr. Wayman stated that TCRS staff have completed the preparation of about half of the member annual statements. The second half of the member annual statements will be produced over the upcoming weekend. The preparation of member annual statements requires an excessive amount of the system's resources. Therefore, it is best to prepare the statements when the system is not in use by the staff. Active members will be notified that their annual statements are available in Concord Self Service.

Mr. Wayman mentioned that Deloitte is obligated under contract to correct issues with the new Concord system that are identified in both the User Acceptance Testing (UAT) environment and the live environment. Treasurer Lillard mentioned that the legislation necessary for funding the development of Concord will expire at the June 30, 2016 fiscal year end.

Discuss Private Equity Disclosure

Chairman Barker mentioned the Private Equity Disclosure included in the meeting materials. The Investments Division is required to disclose any contact with those seeking private equity financing. The Board did not find any further discussion about the disclosures necessary.

Other Business

Chairman Barker opened the floor for other business not included in the meeting material. Treasurer Lillard expressed appreciation for the efforts of Ms. Wood, Ms. Smotherman, and Mr. Rector in automating the Concord audit and test work. Treasurer Lillard stated that the complexity of the Concord system coupled with the complexity of members being involved in multiple retirement plans requires advanced auditing and review techniques to ensure efficiency and accuracy in the Concord system.

Adjournment

Chairman Barker stated that if there were no additional items to be discussed, the meeting could be adjourned. Commissioner Hunter made a motion to adjourn the meeting. The motion was properly seconded by Mayor Wilber. The Committee unanimously voted to adjourn the meeting.

Respectfully Submitted,



Andy Furlong

Director of Internal Audit

Approved:



Michael Barker

Chairman of the Audit Committee