

**AUDIT COMMITTEE MEETING MINUTES
OF TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)
September 29, 2017**

The Tennessee Consolidated Retirement System (TCRS) Audit Committee for the Board of Trustees met on Friday, September 29, 2017. The meeting began at 8:00 a.m. in Tennessee Tower, Conference Room H.

The following members were present:

- Chairman Michael Barker
- Ed Taylor, TCRS Board Member
- Rebecca Hunter, Commissioner of DOHR
- Tre Hargett, Secretary of State
- Mayor Ken Wilber, TN Municipal League

Others present were:

- David H. Lillard, Jr., TN State Treasurer
- Earle Pierce, Director of Internal Audit, TN Department of Treasury
- Jennifer Selliers, Investments Compliance Officer
- Gail Moses, State Auditor, Comptroller of the Treasury
- Jamie Wayman, Director of TCRS
- Kevin Gentry, Assistant Audit Director, TN Department of Treasury
- Alison Cleaves, Attorney, TN Department of Treasury

Call Meeting to Order

Chairman Barker called the meeting to order and presented the minutes from the June 23, 2017 Audit Committee meeting for approval. Mayor Wilber motioned to accept the minutes as presented and Ed Taylor seconded the motion. The minutes were unanimously approved from the June 2017 Audit Committee meeting.

Internal Audit Results

Earle Pierce presented preliminary results for the 2016 Real Estate follow up audit and the 2016 Death Benefits follow up audit using a new reporting format from ACL/GRC which is Internal Audit's new project management solution. The presentation included highlights of the audit results and a summary how ACL analytics were used in the Death Benefits audit. Mr. Pierce said the goal of today's summary was to provide the Committee with a preview of the report format Internal Audit will be using for future reporting.

Current Projects for TCRS

Mr. Pierce reviewed the schedule of internal audits completed for TCRS. This included a discussion of current TCRS audit projects as well as those in the planning phase.

Fiscal Year 2018 Audit Plan

Mr. Pierce reviewed the fiscal year 2018 audit plan with the Committee highlighting the TCRS areas of operations which will be audited during the fiscal year.

Private Equity Disclosure

Chairman Barker reviewed the Private Equity Disclosure and asked if there were any questions. There were no questions.

Comptroller's Hotline

Mr. Pierce informed the Committee no hotline submissions related to TCRS have been received directly by TCRS since the previous Audit Committee meeting in June 2017. Mr. Pierce discussed a request from the Comptroller's office for information regarding retirement contributions for McMinn County employees. He explained the details of the request and the circumstances which led to the Fraud, Waste & Abuse Hotline (FWAH) compliant filed by a former McMinn County employee. Mr. Pierce discussed how the request was handled and confirmation from the Comptroller's office that the compliant had been resolved.

Current Internal Audit Article

Chairman Barker and Mr. Pierce discussed the focus of the article regarding the Committee of Sponsoring Organizations' (COSO) new enterprise risk management (ERM) guidelines.

Closed Executive Session

Chairman Barker initiated a closed session in accordance with T.C.A. §4-35-108 (b). The meeting was re-opened to the public at the conclusion of the closed session.

Other Business

Treasurer Lillard discussed the upcoming budget submission as well as upgrades to systems audited by the Internal Audit division of Treasury.

Adjournment

Secretary Hargett motioned to adjourn and Commissioner Hunter seconded the motion. The motion to adjourn was unanimously approved. The meeting adjourned at 8:24 a.m.

Meeting minutes documented by

Earle Pierce, CPA, CIA, CRMA
Director of Internal Audit
Tennessee Department of Treasury

Approved by:



Michael Barker
Chairman of the Audit Committee

