

**AUDIT COMMITTEE MEETING MINUTES
OF TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)
March 31, 2017**

The Tennessee Consolidated Retirement System (TCRS) Audit Committee for the Board of Trustees met on Friday, March 31, 2017. The meeting began at 8:00 a.m. in Tennessee Tower, Conference Room G.

The following members were present:

- Chairman Michael Barker
- Ed Taylor, TCRS Board Member
- 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
- Gail Moses, Legislative Auditor, TN Comptroller of the Treasury, Division of State Audit
- Jamie Wayman, Director of TCRS
- Patricia Rothschild, Internal Auditor, TN Department of Treasury
- Anne Carlisle, Internal Auditor, TN Department of Treasury

Call Meeting to Order

Chairman Barker called the meeting to order and asked Earle to introduce his two new staff members. Chairman Barker presented the minutes from the November 18, 2016 Audit Committee meeting for approval. Secretary Hargett motioned to accept the minutes as presented and Ed Taylor seconded the motion. The minutes were unanimously approved from the November 2016 Audit Committee meeting.

2016 Audited Financial Statements

Ms. Moses presented the 2016 Audited Financial Statements. The Comptroller's office issued unmodified opinions for all 2016 financial statements. Secretary Hargett motioned to accept the financial statements and Ed Taylor seconded the motion. The 2016 Audited Financial Statements for TCRS were unanimously accepted by the Audit Committee.

2016 Special Audit Engagement Letters

Ms. Moses discussed Special Audit Engagement Letters for GASB 68 requirements and the opinions for census data, for the Fiduciary Net Position by Employer of the Public Employee Retirement Plan, Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer for the Teacher Legacy Pension Plan, the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer of the Teacher Retirement Plan.

2016 Financial Integrity Act (FIA) Risk Assessment Report

Mr. Pierce discussed the Management Report for the 2016 FIA Risk Assessment forwarded to the Comptroller and the Commissioner and the risk assessment process. This included a review of the new charts illustrating the risk results.

Internal Audit Reports & Memos

Mr. Pierce discussed the Real Estate Investments Audit results which included a review of the observations and recommendations regarding the real estate risk assessment, due diligence process as well as the business continuity plan.

Review of Internal Audit Projects Schedule

Mr. Pierce discussed the current audit projects for TCRS areas.

Private Equity Disclosure

Chairman Barker discussed the required list of private equity opportunity contacts.

Comptroller's Hotline

Mr. Pierce discussed the Comptroller's Hotline which exists for citizens and state employees to report suspected cases of fraud, waste, and/or abuse. Mr. Pierce stated he contacted the Comptroller's Office the previous day. No hotline submissions related to TCRS have been received since the previous Audit Committee meeting.

Current Internal Audit Article

Chairman Barker and Mr. Pierce discussed the articles focus regarding best practices of other audit committees in private industry and government.

Other Business

Chairman Barker opened the floor for those in attendance to present any other business not discussed previously in the meeting.

Adjournment

Chairman Barker stated he would entertain a motion to adjourn if no other business was to be brought before the committee. Secretary Hargett motioned to adjourn and Ed Taylor seconded the motion. The motion to adjourn was unanimously approved. The meeting adjourned at 8:35 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

