

**AUDIT COMMITTEE MEETING MINUTES
OF TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)
September 28, 2018**

The Tennessee Consolidated Retirement System (TCRS) Audit Committee for the Board of Trustees met on Friday, September 28, 2018. The meeting began at 8:01 a.m. in the Cordell Hull Building, Conference Room B.

The following committee 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 Treasury
- Jennifer Selliers, Director of Internal Compliance, TN Treasury
- Heather Iverson, Attorney, TN Treasury
- Jamie Wayman, Director of TCRS
- Kevin Gentry, Assistant Audit Director, TN Treasury
- Alison Cleaves, Assistant Treasurer for Legal, Compliance & Audit, TN Treasury

Call Meeting to Order

Chairman Barker called the meeting to order and presented the minutes from the June 29, 2018 Audit Committee meeting for approval. Secretary Hargett motioned to accept the minutes as presented and Commission Hunter seconded the motion. The minutes were unanimously approved from the June 2018 Audit Committee meeting.

Internal Audit Results

Earle Pierce presented the final results for the 2018 Bank & Investments Accounting audits. Discussion included an explanation of Bank & Investment Accounting operations as well as the scope of the internal audit. Issues regarding user access, end user controls, document retention, policy and procedure review as well as risk assessment recommendations were outlined for the Committee. The overall audit results were satisfactory with recommendations for improvement.

Mr. Pierce reviewed a list of completed audits since the last Audit Committee meeting in June 2018. This included a list of audit analytics completed on a monthly and quarterly basis.

Current Projects for TCRS

Mr. Pierce reviewed a list of current TCRS audit projects as well as those in the design phase. Chairman Barker noted the number of audit projects completed or in progress by the Internal Audit team. Chairman Barker noted the changes to TCRS recordkeeping over the years and TCRS Director Jamie Wayman as well as Treasurer Lillard discussed the changes from microfilm and paper records to electronic records with long retention times.

Private Equity Disclosure

Chairman Barker reviewed the Private Equity Disclosure and asked if there were any questions. There were no questions. Director of Internal Compliance Jennifer Selliers informed the Committee this listing will no longer be provided to the Audit Committee and going forward any issues with the conflicts of interest policy for Treasury and Investments will be brought to the Committee attention.

Comptroller's Hotline

Mr. Pierce informed the Committee there were no hotline submissions for TCRS since the last committee meeting in June 2018.

Current Internal Audit Article

Mr. Pierce discussed the article a "Conspiracy of Silence" which can envelop an organization and prevent small issues from being dealt with until they become large organizational scandals. The article also discusses the importance of assessing culture and addressing issues as they arise in order to avoid bigger issues later.

Other Business

Chairman Barker informed the Committee this meeting would be the last for Mayor Ken Wilber since he is retiring soon. Everyone thanked him for his contributions to the Committee and the Board. Jamie also discussed implementation of the Online Retirement Application process for Concord and the goal to migrate all employers to this new process over the next year.

Adjournment

Commissioner Hunter motioned to adjourn and Ed Taylor seconded the motion. The motion to adjourn was unanimously approved. The meeting adjourned at approximately 8:45 a.m.

Meeting minutes documented by

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

Approved by:

A handwritten signature in cursive script that reads "Michael Barker".

Michael Barker
Chairman of the Audit Committee

