

**AUDIT COMMITTEE MEETING MINUTES  
OF TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS)  
June 29, 2018**

The Tennessee Consolidated Retirement System (TCRS) Audit Committee for the Board of Trustees met on Friday, March 23, 2018. The meeting began at 8:00 a.m. in the Cordell Hull Building, Conference Room C.

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 Dept. of Treasury
- Jennifer Selliers, Director of Internal Compliance, TN Dept. of Treasury
- Heather Iverson, Attorney, TN Dept. of Treasury
- Jamie Wayman, Director of TCRS
- Kevin Gentry, Assistant Audit Director, TN Dept. of Treasury
- Michael Brakebill, Chief Investment Officer

#### **Call Meeting to Order**

Chairman Barker called the meeting to order and presented the minutes from the March 23, 2018 Audit Committee meeting for approval. Mayor Ken Wilber motioned to accept the minutes as presented and Ed Taylor seconded the motion. The minutes were unanimously approved from the March 2018 Audit Committee meeting.

#### **Internal Audit Results**

Earle Pierce presented the final results for the 2017 GASB 68 audit. Discussion included explanation of issues regarding COLA calculations for members who retired early because of a disability. TCRS Director Jamie Wayman informed the Committee the COLA issues noted for this group by Internal Audit had been corrected.

Mr. Pierce reviewed a list of completed audits since the last Audit Committee meeting in March 2018. This included a list of audit analytics completed on a monthly and quarterly basis. Chairman Barker complimented Mr. Pierce and the Internal Auditing staff for their outstanding work in completing a significant number of audits.

## **Current Projects for TCRS**

Mr. Pierce reviewed a list of current TCRS audit projects as well as those in the design phase.

## **Fiscal Year 2018 Annual Audit Report and Fiscal Year 2019 Audit Plan**

Mr. Pierce reviewed Internal Audit's annual report of audit work completed in fiscal year 2018 and the fiscal year 2019 audit plan. This included a discussion of the high and moderate risk audits outlined in the 2019 plan.

## **Private Equity Disclosure**

Chairman Barker reviewed the Private Equity Disclosure and asked if there were any questions. There were no questions. Mr. Pierce noted certain presentations were marked with asterisks because there were previous meetings which had been left off prior listings provided to the Audit Committee for the 4<sup>th</sup> quarter of 2017 and the 1<sup>st</sup> quarter of 2018. He further stated the Director of Internal Compliance, Jennifer Selliers and Investment staff recently reviewed the disclosure listing process noting some meetings were left off prior lists provided to the Audit Committee. Director of Internal Compliance Jennifer Selliers informed the Committee changes to this listing are planned and will be explained to the Committee at a future meeting. Chairman Barker noted how a number of meetings were attended by the same Investments staff. Chief Investment Officer Michael Brakebill explained it was more a function of responsibility for certain Investment operations rather than staff attending because of particular firms making investments presentations.

## **Comptroller's Hotline**

Mr. Pierce informed the Committee there was one hotline submission related to TCRS received by the Comptroller's office since the previous Audit Committee meeting in March 2018. Mr. Pierce provided a summary of the submission including how it was handled by TCRS management and communicated to the Comptroller's hotline staff. The submission is considered closed.

## **Current Internal Audit Article**

Mr. Pierce discussed the article which on internal audit's role as a trusted advisor and investigator and how to balance those competing positions. Commissioner Hunter commented on how the Department of Human Resources is working to takeover conduct investigations from State agencies.

## **Other Business**

No other business was discussed.

### **Adjournment**

Commissioner Hunter motioned to adjourn and Ed Taylor seconded the motion. The motion to adjourn was unanimously approved. The meeting adjourned at approximately 8:58 a.m.

### **Meeting minutes documented by**

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

### **Approved by:**

/s/Michael Barker  
Michael Barker  
Chairman of the Audit Committee