



**North Dakota
Public Employees Retirement System**

1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

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MEMORANDUM

TO: Audit Committee
Mona Rindy
Adam Miller
Julie Dahle
Dirk Wilke
Senator Dick Dever

FROM: Shawna Piatz, Chief Audit Officer

DATE: November 7, 2022

SUBJECT: **November 7, 2022 Audit Committee Meeting**

In Attendance:

Mona Rindy
Adam Miller (via Teams)
Senator Dick Dever
Dirk Wilke (via Teams)
Julie Dahle (via Teams)
Dean DePountis (via Teams)
Shawna Piatz
Scott Miller
Derrick Hohbein
Rebecca Fricke
Jan Lund
Shannon Ennen
Daniel Sefick (via Teams)

The meeting was called to order at 3:00 p.m. by Ms. Rindy. The committee began the meeting with approving the prior Audit Committee minutes.

I. August 15, 2022 Audit Committee Minutes

A. The Audit Committee minutes were examined. Senator Dever moved approval of the minutes. The motion was seconded by Mr. Miller. This was followed and approved by voice vote.

II. Presentation

A. CliftonLarsonAllen External Audit Presentation – Daniel Sefick from CliftonLarsonAllen (CLA) presented the preliminary audit report to the Audit Committee. No items of significance were noted and CLA expects to issue an unmodified opinion for FY 2022 financials. CLA will attend the December Board meeting to present the final report.

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Flexible Spending Account (FlexComp)
Dental & Vision	Law Enforcement	Retiree Health Insurance Credit (RHIC)
	Public Safety	Employee Assistance Program (EAP)
	Judges	
	Job Service	
	Highway Patrol	



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III. Internal Audit Reports

A. Quarterly Audit Plan Status Report – A summary of the Internal Audit staff time spent for the past quarter along with a status update on each area of the 2022 – 2023 Audit Plan was included with the Audit Committee materials. Of the total hours reported, 56.13% was spent in audit, 3.87% in consulting, and 40.00% in administrative hours. The audit hours were spent on the monthly retirement program audit, the Sanford Interest Calculation Report Audit, the Sanford Claims Audit prep, and the Service Purchases Audit. The consulting hours were attributable to New W-4 reporting programming, the microfiche conversion project, manager evaluation surveys, HR/staffing support, PIR testing and various reviews and reconciliations for the Benefits and Accounting divisions.

B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the new monthly retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedure, system or compliance issues. In fiscal year 2023, to date a total of 314 new retirees out of 497 were audited, which equates to \$1,173,387 of \$1,888,320 being audited. An accuracy rate of 98.09% was achieved fiscal YTD as of October 2022 for new retirement benefit payments, which is above the 97% goal.

In fiscal year 2023, to date a total of 49 of the 897 refunds issued were audited, which equates to \$2,234,942 of \$8,595,074. An accuracy rate of 85.71% was achieved fiscal YTD as of October 2022 for retirement refunds. This falls below the 97% accuracy rate goal. A limited number of retirement refunds were audited and a portion of the sample continues to be focused on those refunds in which a known system issue is likely to have occurred.

C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. The dollar amount and the number of errors have remained consistent each quarter. There were 14 adjustments that were new this quarter and 13 previously reported adjustments remain outstanding. The new adjustments were due to the untimely notification or changes in membership status or information, system programming errors and processing errors.

D. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of October 31, 2022. There was one existing recommendation where progress was made, four existing recommendations with no change, one existing recommendation that was closed, and one new recommendation added to this report. Staff continue to be proactive about addressing recommendations as they are made. Any recommendations made in the previous quarter that have already been addressed would not be included in this report.

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IV. Administrative

- A. Audit Committee Charter Matrix – In order to confirm all responsibilities outlined in the Audit Committee charter are carried out annually, a matrix was developed to review each objective quarterly and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress made over the past quarter including ensuring that any fraud detected would be reported to the audit committee timely and over possible revisions to the Audit Committee Charter in the future.
- B. Internal Audit Charter Matrix – A copy of the Internal Audit Charter matrix with progress made over the previous quarter was provided to the Audit Committee for their review and information. Discussion took place around turnover in the Internal Audit department and progress made on the annual Risk Assessment reviews.
- C. Audit Committee Meeting Dates & Times – The Audit Committee reviewed the proposed 2023 Audit Committee meeting dates. The proposed dates for meetings in 2023 are February 13, May 8, August 14 and November 13, contingent on the Board’s approval of the respective Board meetings. Senator Dever moved approval of the proposed Audit Committee meeting dates and times contingent on the Board approving the adjacent Board meeting dates at the December Board meeting. The motion was seconded by Mr. Wilke. This was followed and approved by voice vote.

V. Miscellaneous

- A. Travel Expenditures – The out-of-state travel expenditures incurred by the Executive Director for the period August 1, 2022 through October 31, 2022 were reviewed. There were no out-of-state travel expenditures incurred by the Board for this period. This was provided for the Audit Committee’s information.
- B. CPEs, Training and Webinars – A report on the training and education, including continuing professional education (CPE) webinars and seminars Internal Audit participated in for the period August 1, 2022 through October 31, 2022 was provided to the committee for their review.

The meeting adjourned at 4:20 p.m, by Ms. Rindy.

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