



# Audit Committee Agenda

**Location:** NDPERS Conference Room, 1600 East Century Avenue, Bismarck  
ND By phone: 701.328.0950 Conference ID: 893 855 903#  
**Date:** **Monday November 25, 2024**  
**Time:** 1:00 P.M. [Click here to join the meeting](#)

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## I. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

- A. Conflict of Interest Disclosure Consideration

## II. AUDIT COMMITTEE MINUTES

- A. August 19, 2024 Audit Committee Minutes (**Committee Action**)

## III. PRESENTATIONS

- A. UHY FY 2024 Audit Report

## IV. INTERNAL AUDIT REPORTS

- A. Quarterly Audit Plan Status Report
- B. Sanford 2021 – 2023 Interest Calculation Report
- C. Retirement Benefit Payment Status Report
- D. Benefit / Premium Adjustments Report
- E. Outstanding Issues Status Report

## V. ADMINISTRATIVE

- A. Audit Committee Charter Matrix
- B. Internal Audit Charter Matrix
- C. FAS Review Policy Update (**Committee Action**)
- D. Report on Consultant Fees
- E. Travel Expenditures
- F. 2025 Meeting Dates (**Committee Action**)
- G. CPE, Training and Webinars



**North Dakota  
Public Employees Retirement System**

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**MEMORANDUM**

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
Tyler Erickson  
Nina Sand  
Senator Dick Dever  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz, Chief Audit Officer

**DATE:** Monday August 19, 2024

**SUBJECT:** **August 19, 2024 Audit Committee Meeting**

In Attendance:

Joe Morrissette  
Senator Dick Dever  
Adam Miller  
Tyler Erickson  
Nina Sand  
Dean DePountis  
Shawna Piatz  
Shannon Ennen  
Rebecca Fricke  
Derrick Hohbein  
Jason Ostroski (CPA UHY)

The meeting was called to order at 3:01 p.m. by Mr. Morrissette

**I. Conflict of Interest Disclosure**

- A. Conflict of interest disclosures concerning any of the agenda topics were considered. No conflicts of interest were disclosed.

**II. Approval of prior Audit Committee Minutes**

- A. The Audit Committee minutes from the prior Audit Committee meeting held on May 13, 2024 were examined. Senator Dever moved approval of the minutes. The motion was seconded by Mr. Miller. This was followed and approved by voice vote.

**III. Presentations**

- A. UHY FY 2024 Audit Kickoff Presentation – Jason Ostroski, CPA from UHY provided



information for the ND PERS FY 2024 financial audit. Engagement of the Scope is to audit the NDPERS financial statements, Schedules of Employer Allocations and Pension Amounts by Employer, Report on Internal Controls and Compliance and Written Communications with the Governance as of June 30, 2024.

#### **IV. Internal Audit Reports**

- A. Quarterly Audit Plan Status Report – Information was provided of the past quarter's activity May 1, 2024 through July 31, 2024. Internal Audit spent 48.14% of their time on audit activities and 15.84% on consulting services. The remaining 36.02% of their time was spent on administrative items.
- 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 procedural, system or compliance issues.

As of June 1, 2024, 501 of the 1,106 new retirees or \$1,782,088 of the \$3,923,039 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 97.8% for FY 2024. The fiscal year-to-date compliance/other accuracy rate is 97.41% resulting in an overall accuracy rate of 95.21% for FY 2024.

As of August 1, 2024, 73 of the 229 new retirees or \$266,806 of the \$836,764 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 100% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 95.89% resulting in an overall accuracy rate of 95.89% for FY 2025.

As of June 1, 2024, 152 of the 2,474 or \$4,924,109 of the \$20,738,144 total gross refunds issued for FY 2024 were audited. The fiscal year-to-date internal calculation accuracy rate is 95.39% for FY 2024. The fiscal year-to-date compliance/other accuracy rate is 97.37% resulting in an overall accuracy rate of 92.76% for FY 2024.

As of August 1, 2024, 35 of the 361 or \$1,206,720 of the \$3,599,545 total gross refunds issued for FY 2025 were audited. The fiscal year-to-date internal calculation accuracy rate is 97.14% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 100% resulting in an overall accuracy rate of 97.14% for FY 2025.

- 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 correction made. The dollar amount and the number of errors has increased slightly over the last quarter but this is largely due to the increased availability of information obtained to be provided in this report and not due to an increase in the occurrence of over or under payments needed.

Staff is interested in using a collection service as part of a State Contract to try and



recoup some of our outstanding balances. There currently are 22 past due balances totaling \$16,565.85 that are recoverable. Preliminary estimates from the collection services have indicated any amounts recovered would require a fee ranging from 14 to 25% of the recovery. Staff would like subcommittee recommendation to our full Board to move forward with trying to collect some of these past due balances prior to hitting the six year Statute of Limitations.

Mr. Miller moved approval of ND PERS use of collection services. The motion was seconded by Senator Dever. This was followed and approved by voice vote.

- D. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of July 2024. There were 35 existing recommendation with no change or no response and 6 new recommendations added to this report. The new and outstanding issues were reviewed and discussed.

## V. **Administrative**

- A. Audit Committee Charter Matrix Review - Per the Audit Committee charter, the Audit Committee is to “Confirm annually all responsibilities outlined in this charter have been carried out. Review and assess periodically the adequacy of the Committee charter, request Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.”

To meet this responsibility a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. A summary was attached of the progress made and activities completed through July 2024 for The Audit Committee’s review.

- B. Internal Audit Charter Matrix Review – 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 and activities completed through July 2024.
- C. Underpayment Policy Update – Discussion was held related to the current De Minimis Policy, which contains direction on how overpayments and underpayments to members will be handled however does not address an overpayment of contributions by a member or the employer. This policy including recent updates was discussed and the information will be reported to the Board at the September Board meeting.
- D. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon procedures and any non-audit services provided.” To accomplish this objective, a summary of the consulting, investment and administrative fees paid as of June 30, 2024 was provided and reviewed by the Committee.



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- E. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Executive Director for the period May 1, 2024 through July 31, 2024. There were no out-of-state travel expenditures for the Board during this time. This was provided for the Audit Committee's information.
  
- F. CPE, 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 May 1, 2024 through July 31, 2024 was provided to the committee for their review.

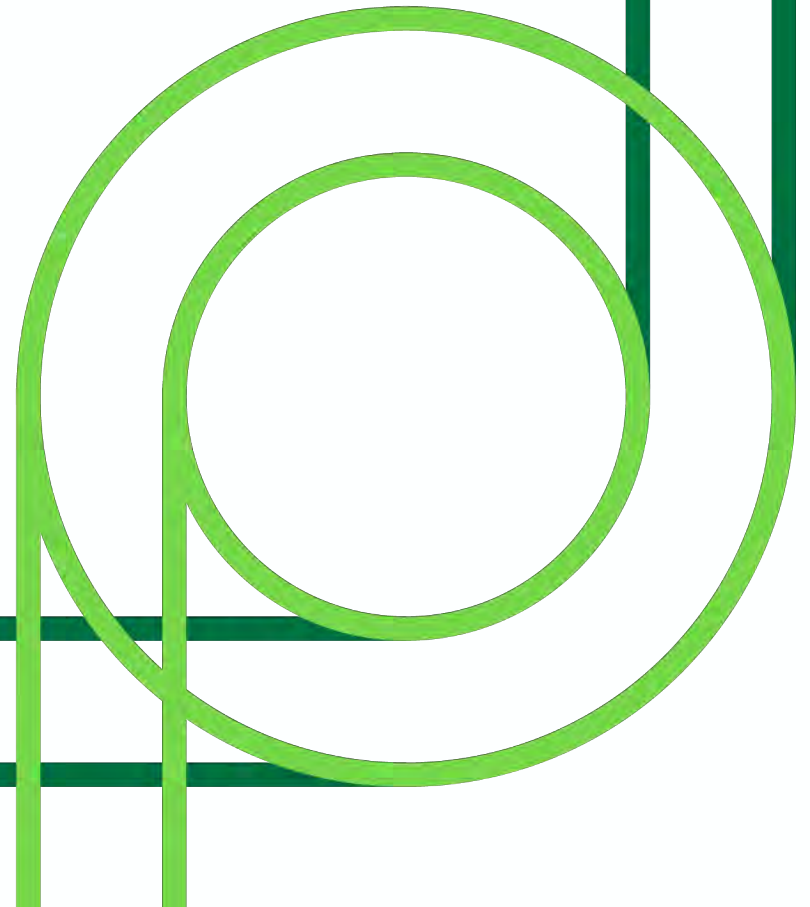
The meeting adjourned at 4:32 p.m. by Mr. Morrissette.



# North Dakota Public Employees Retirement System – Audit Committee

Audit Results Presentation

November 25, 2024



# Agenda

- 2024 Preliminary Audit Results
- Required Communications
- GASB 68 and 75 Schedule Audit Update



# 2024 Preliminary Audit Results

- Independent Auditors' Report - Unmodified "clean" opinion that the financial statements are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
- Limited procedures were performed, and no opinion rendered, on management's discussion and analysis, required supplemental information, supplemental schedules, and the Introductory, Investment, Actuarial, and Statistical sections.
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
  - No material weaknesses
- Letter to the Board providing required communications with those charged with governance





# Required Governing Body Communications

- Auditor's responsibility under U.S. Generally Accepted Auditing Standards
- Significant accounting policies
  - No new accounting standards in fiscal year 2024
- Financial statement disclosures
  - There were no particularly sensitive financial statement disclosures
- Management judgments and accounting estimates
  - Valuation of alternative investments
  - Actuarial assumptions and methods used



# Required Governing Body Communications

- Management was very cooperative and professional during the audit process
- No disagreements with management
- Management did not consult with other accountants on the application of GAAP or GAAS
- No major issues were discussed with management prior to retention
- Management Representations



# GASB 68 and 75 Schedule Audit Update

- Employer Census Testing is Complete
  - Selected 10 Employers for testing
  - Noted no significant errors
- Expect to begin work on the GASB 68 and 75 Schedules in December 2024
- Expect to issue our final report on the schedules no later than January 2025



# Thank you!



## Jason Ostroski, CPA

Engagement Principal

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# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
Tyler Erickson  
Senator Dick Dever  
Nina Sand  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** Quarterly Audit Plan Status Report

Following is a summary of the past quarter's activity:

	August	September	October	Total	
<b>0000 DEPARTMENT MANAGEMENT &amp; ADMINISTRATION</b>	79.0	26.0	98.0	203.0	18.57%
<b>0050 TRAINING</b>	32.3	1.0	0.5	33.8	3.09%
<b>0100 FINANCIAL</b>	25.0	41.0	81.3	147.3	13.47%
<b>1000 RETIREMENT PROGRAM</b>	92.3	176.5	162.3	431.0	39.42%
<b>1100 DEFINED CONTRIBUTION PROGRAM</b>	0.0	0.0	0.0	0.0	0.00%
<b>2000 GROUP INSURANCE PROGRAM</b>	106.3	53.3	0.5	160.0	14.64%
<b>3000 DEFERRED COMPENSATION PROGRAM</b>	0.0	0.0	0.0	0.0	0.00%
<b>3100 PEP PROGRAM</b>	0.0	0.0	0.0	0.0	0.00%
<b>4000 FLEX COMP PROGRAM</b>	0.0	0.0	0.0	0.0	0.00%
<b>5000 RHIC PROGRAM</b>	0.0	0.0	0.0	0.0	0.00%
<b>6000 MISCELLANEOUS</b>	0.0	0.0	0.0	0.0	0.00%
<b>7000 INFORMATION TECHNOLOGY</b>	1.0	2.0	0.0	3.0	0.27%
<b>8000 EXECUTIVE</b>	15.0	21.3	16.0	52.3	4.78%
<b>9000 LEAVE</b>	17.5	22.3	23.3	63.0	5.76%
<b>TOTAL</b>	<b>368.3</b>	<b>343.3</b>	<b>381.8</b>	<b>1093.3</b>	<b>100.00%</b>

<b>Audit Hours (50-60%)</b>	167.0	218.8	138.8	524.5	47.98%
<b>Consulting Hours (5-10%)</b>	48.0	50.0	104.3	202.3	18.50%
<b>Administrative Hours (20-30%)</b>	153.3	74.5	138.8	366.5	33.52%

The activities August 1, 2024 through October 31, 2024 were:

**General:**

- Prepared materials for audit committee meeting
- Attended various management and staff meetings
- PIR log and testing
- CPE and Training
- Quality Assessment Review
- External Audit support
- Manager and Executive Director surveys

**Audit:**

- FY 2024 Retirement Benefits & Refunds Audit
- Pop-up Benefit verifications
- Sanford Health Plan Interest Calculation Report
- Employer Payroll Reporting Audit

**Consulting:**

- Reviews and reconciliations for Benefits and Accounting
  - QDROs
  - TFFR duals
  - Pop-up payments
  - 401(a) limitations
  - Job Service Accounts
- Clean Up Projects
  - Bonus spreads to LOAs / MDs
  - Plan to Plan Transfer Reconciliations
  - Disability to Normal conversion with a prior pop-up
  - RHIC missed payment review
  - Interest payments on 401(a) wage adjustments
  - Dual member system programming
- Risk Assessment Updates
- HB 1040 Special Election



**Audit Plan 2024-2025** The goals and objectives set forth in the 2024-2025 audit plan are listed below, with a status update provided at the right.

<b>Audit Projects</b>			
<b>Priority</b>	<b>Area</b>	<b>Division</b>	<b>Status Update</b>
1	New Retirement Benefit Payments	Benefits	FY 2025: Audited 34.70% of the FY 2025 retirement benefits paid through November 1, 2024
2	Retirement Refund Payments	Benefits	FY 2025: Audited 8.28% of the FY 2025 refunds paid through November 1, 2024
3	Sanford Interest Calculation Report – Audit 2021-2023 (June 2024 Initial Settlement)	Accounting	Completed
4	Sanford Interest Calculation Report – Audit 2021-2023 (June 2025 Final Settlement)	Accounting	Not started – scheduled for June 2025
5	Sanford 2024 Claims Audit	Benefits	Not started – scheduled for March 2025
6	Employer Payroll Reporting (external audit recommendation)	Benefits	Review in process
7	Other 457/403b plan - Employer Reporting	Accounting	Not started

<b>Consulting and Clean-Up Projects</b>		
<b>Area</b>	<b>Division</b>	<b>Status Update</b>
Job Service Deferred Retirees	Benefits	Completed review Q1 2022 – sent to Benefits for review & response – waiting for opinion from legal
QDRO – OMG / AB splits	Benefits	Complete – Benefits completed review – waiting for opinion from legal
Vested ER calculation discrepancies (PIR 25196)	Accounting	Complete
Purchase Posting Dates with Refunds (PIR 25553)	Accounting	Complete
Bonus Spreads to LOAs / MDs – Disability	Benefits	Complete
Main to PS Plan Transfer reconciliations	Benefits	Complete
Disability to Normal Payees with a Pop-Up	Benefits	Complete
RHIC missed payment report review	Benefits	Complete
Interest payments on 401(a) wage adjustments	Accounting & Benefits	Review complete – waiting to send to Accounting and Benefits until PIR is in production
Belcourt Schools written agreement review	Accounting & Benefits	Not started
HB 1040 Special Election Window	Benefits	In process

<b>Administrative/Other</b>	
<b>Area</b>	<b>Status Update</b>
Annual & Sick Leave	47 hours of annual and sick leave were used by the Internal Audit division between August 1, 2024 and October 31, 2024.
Audit/Board Related Activities	Attend as necessary
Audit Plan Development and Issuance	Risk Assessment reviews in process
Liaison Activities with External Auditors, including Field Work	UHY will be at November Audit Committee meeting and December Board meeting to present preliminary and final audit results.
Record Retention Purge	Not started
Review and Update Internal Audit and Audit Committee Charters	Last updated June 2023. Will review for updated IIA guidance and standards that need to be implemented in 2025.
Review and Update Internal Audit Manual	Reviewing as we complete the Internal Quality Assessment.
Training/Continuing Education (40 CPE hours required annually)	Attended APPFA conference in April 2024 and ND CPA Society Annual Convention in August 2024.
Internal Quality Assessment	In Process



# Memorandum

**TO:** Audit Committee  
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**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** Sanford 2021 – 2023 Interest Calculation Report

Internal Audit has completed the audit on the Sanford Health Plan 2021 – 2023 Initial Settlement. The purpose of this audit was to verify the accuracy of the information contained in the Interest Calculation Report (ICR) and the Initial Settlement Statement for the contract period July 1, 2021 through June 30, 2023, which includes a financial runout period through June 30, 2024. A Final Settlement period for the financial runout period ending June 30, 2025 will be completed and audited when it is available. A summary of the results of this audit is contained in the attached audit report. This is for your information and review.



**PURPOSE:** To verify the accuracy of the information contained in the Interest Calculation Report (ICR) and the Initial Settlement Statement for the contract period July 1, 2021 through June 30, 2023, which includes an Initial Settlement period for the financial runout period through June 30, 2024 and will include a Final Settlement period for the financial runout period ending June 30, 2025.

**DOCUMENTS REVIEWED:**

1. Sanford Interest Calculation Reports
2. 2021 – 2023 Initial Settlement Statement
3. Supporting documentation from Sanford
  - a. Monthly claims, refunds and pharmacy data
  - b. Manual and voided check support
  - c. Subrogation invoices
  - d. Network Savings support
  - e. Livongo Claims support

**PROCEDURES:** Internal Audit verified all amounts that were included on the ICR for a sample of 6 months in the initial settlement period of July 1, 2021 through June 30, 2023 and a sample of 4 months in the initial run-off period of July 1, 2023 through June 30, 2024. Totals from the initial ICR were then tied to the corresponding totals included in the Settlement documents.

Internal Audit requested and verified supporting documentation for costs and fees which were included in the settlement statements but not run through the ICR.

**RESULTS:**

Throughout the review, Internal Audit noted numerous discrepancies in the amounts allocated to the initial settlement reconciliation for this contract period. The discrepancies were largely noted in the subrogation invoices but were also found in the Network Savings fees, Livongo Claims and claims refunded as well as in the enrollment numbers noted in the Settlement calculations. The issues noted resulted in an additional approximately \$480,000 loss which does not have a financial impact to NDPERS as all losses are absorbed by Sanford Health Plan. The detail of the issues noted can be found in Attachment A and will likely be corrected during the final settlement.

Recommendation: The discrepancies have been sent to Sanford Health Plan to review and correct. Internal Audit will review all issues during the Final Settlement period to ensure they are corrected. No recommendation at this time.

Management Response:

Management agrees with the audit findings. Because it does not impact any gain coming back to PERS, or additional payments that would be made to Sanford, we'd agree with ensuring everything is accurate for the final accounting next year.



## **ATTACHMENT A**

### ***Livongo:***

- SHP formula only included July 2021 through June 2022 costs, the formula needs to be adjusted to include all B4 costs through June 2023
- Issues noted by SHP (and verified by IA) in October 2021 (Need to remove \$2), November 2021 (Need to remove \$2,125) and November 2022 (Need to remove \$4,984)

### ***Network Savings:***

- June 2023 – B4 fees should be \$142,713.43 - the total of all bienniums of \$144,118.75 was put in the B4 cell
- July 2023 – support shows \$134.42 for B3 (Settlement has \$67.21), \$149,531.42 for B4 (Settlement has \$84,287.34) and \$53,029.36 for B5 (Settlement has \$28,177.90)
- September 2023 – support shows \$57,609.33 for B4 (Settlement has \$55,113.91) and \$102,788.86 for B5 (Settlement has \$90,178.37)
- April 2024 - \$22.79 of the amount listed in B4 should be in B3 instead

### ***Subro:***

- Invoice 45581 allocated \$2.56 Savings Fees to B4 that should go to B3
- Invoice 47293 allocated \$88.50 Savings Fees to B4 however support shows \$176.78
- Invoice 50132 should have \$1,061.15 in Savings Fees that were allocated to B4 moved to B5 (from \$38,555.38 total detail pages)
- 50132, 50184, 51320 & 51351 appear to need some adjustments however SHP verifications are not complete
- Invoice 51340 has a claim with a service date of 2005, Invoice 51351 has a claim with a service date of 2007 and invoice 45563 has a claim with a service date of 2010 – can you explain that since NDPERS did not contract with SHP until 2015

### ***Other Issues & Notes:***

- November 2021 – Claims refunded on 11/22/2021 should be \$208.69 instead of \$227.54
- October 2021 Enrollment numbers on Settlement do not match the October 2021 Enrollment Report
- August 2023 ICR spreadsheet has 47 days for interest calculation however cash balance is negative so (no impact)
- Premiums on ICR differ from Premiums on Settlement however the differences net out to \$0 so (no impact other than difference in contract count in October 2021)



# Memorandum

**TO:** Audit Committee  
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Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** Retirement Benefit Payment Status Report

It is the Agency's goal to identify weaknesses and develop improvements in processes to generally achieve a 97% accuracy rate with retirement benefit payments. As discussed with the Audit Committee, effective June 1, 2019 Internal Audit reduced the audit sample from the previous 100% audit for the retirement benefits audit. Internal Audit's current process is as follows:

- Review 100% of retirement benefits processed by new staff until 97% accuracy for internal calculation errors is achieved for three consecutive months
- Review 100% of new retirement benefits reviewed by only one Benefits Determination Specialist
- Review a sample of all remaining retirement benefits

Internal Audit has also been requested to review the following scenarios as they occur prior to the final approval:

- Pop-Ups
- QDROs
- Duals
- FAS Overrides
  - 415 Annual Compensation Limits
  - Bonus spreads with LOAs and MDs

The tables on the next page show the total number of new retirees retired each month, how many were audited by Internal Audit, and the respective accuracy rate.

Attachment

Retirement New Retiree Benefit  
Audit Statistics

Internal Audit  
11/18/2024 10:06 AM

**Total Benefits Paid to New Retirees FY 2024**

Month	Total Gross Benefits Paid	Total # New Retirees	Total # Retirees Audited	% Retirees Audited	Procedure Issue	System Issue	Internal Calc Accuracy %	Compliance/Other Procedure	Compliance/Other System	Compliance/Other Accuracy %	Total # Retirees with Issues	Overall Accuracy %
7/1/2023	\$307,231.81	92	55	59.78%	0	0	100.00%	1	0	98.18%	1	98.18%
8/1/2023	\$506,545.89	151	108	71.52%	1	0	99.07%	1	0	99.07%	2	98.15%
9/1/2023	\$403,930.15	130	36	27.69%	2	0	94.44%	3	0	91.67%	5	86.11%
10/1/2023	\$330,226.89	105	32	30.48%	2	1	90.63%	3	0	90.63%	6	81.25%
11/1/2023	\$336,397.97	91	28	30.77%	0	0	100.00%	0	0	100.00%	0	100.00%
12/1/2023	\$233,964.25	69	22	31.88%	2	0	90.91%	0	0	100.00%	2	90.91%
1/1/2024	\$362,916.54	88	29	32.95%	2	0	93.10%	0	1	96.55%	3	89.66%
2/1/2024	\$407,404.01	97	36	37.11%	0	0	100.00%	1	1	94.44%	2	94.44%
3/1/2024	\$283,980.70	78	25	32.05%	1	0	96.00%	0	0	100.00%	1	96.00%
4/1/2024	\$252,742.61	58	37	63.79%	0	0	100.00%	2	0	94.59%	2	94.59%
5/1/2024	\$185,541.62	64	40	62.50%	0	0	100.00%	0	0	100.00%	0	100.00%
6/1/2024	\$312,156.31	83	53	63.86%	0	0	100.00%	0	0	100.00%	0	100.00%
<b>Total Paid</b>	<b>\$3,923,038.75</b>	<b>1106</b>	<b>501</b>	<b>45.30%</b>	<b>10</b>	<b>1</b>	<b>97.80%</b>	<b>11</b>	<b>2</b>	<b>97.41%</b>	<b>24</b>	<b>95.21%</b>

**Total Benefits Paid to New Retirees FY 2025**

Month	Total Gross Benefits Paid	Total # New Retirees	Total # Retirees Audited	% Retirees Audited	Internal Calc Procedure Issue	Internal Calc System Issue	Internal Calc Accuracy %	Compliance/Other Procedure Issue	Compliance/Other System Issue	Compliance/Other Accuracy %	Total # Retirees with Issues	Overall Accuracy %
7/1/2024	\$347,025.35	84	24	28.57%	0	0	100.00%	1	0	95.83%	1	95.83%
8/1/2024	\$489,738.18	145	49	33.79%	0	0	100.00%	2	0	95.92%	2	95.92%
9/1/2024	\$387,049.73	108	41	37.96%	0	0	100.00%	1	0	97.56%	1	97.56%
10/1/2024	\$536,897.35	94	31	32.98%	0	0	100.00%	3	0	90.32%	3	90.32%
11/1/2024	\$227,669.49	82	33	40.24%	0	3	90.91%	1	0	96.97%	4	87.88%
12/1/2024	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
1/1/2025	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
2/1/2025	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
3/1/2025	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
4/1/2025	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
5/1/2025	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
6/1/2025	\$0.00	-	-	0.00%	0	0	0.00%	0	0	0.00%	0	0.00%
<b>Total Paid</b>	<b>\$1,988,380.10</b>	<b>513</b>	<b>178</b>	<b>34.70%</b>	<b>0</b>	<b>3</b>	<b>98.31%</b>	<b>8</b>	<b>0</b>	<b>95.51%</b>	<b>11</b>	<b>93.82%</b>

## **Statistics:**

The audit population is divided into the following segments:

1. New Retirees: These are members retiring receiving a retirement check for the first time.
2. Refunds: These are members who are requesting a refund of their account balance after they have terminated employment. This group is broken down into:
  - a. Pre-Retirement Death Refunds
  - b. Post-Retirement Death Refunds
  - c. Regular Refunds
  - d. Auto Refunds (non-vested, account balance less than \$1,000)
3. Secondary Payment Stream: These are members who are one of four categories:
  - a. Post-Retirement Deaths: Member electing a Joint & Survivor or Term & Certain benefit, or who has an Account Balance remaining and deceases so a benefit is payable to their beneficiary.
  - b. Pop-Ups: Member elected a Joint & Survivor benefit and the spouse deceases resulting in the benefit being "popped up" to a single life retirement benefit to the member.
  - c. Disability to Normal: Member went on disability prior to their normal retirement date and has reached normal retirement age or the Rule and gets the higher benefit of either their disability benefit or their normal retirement benefit.
  - d. Return to Work: Member retired once, returned to work, and is retiring again.
4. Existing retirees: This group consists of retirees who have been receiving benefits and an issue was found during the year for other reasons and do not fit in the above categories.

### **New Retiree Benefit Audit**

As of November 1, 2024, 178 of the 513 new retirees or \$772,654 of the \$1,988,380 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 98.31% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 95.51% resulting in an overall accuracy rate of 93.82% for FY 2025.

### **Refund Audit**

As of November 1, 2024, 75 of the 906 or \$2,620,425 of the \$9,328,489 total gross refunds issued for FY 2025 were audited. The fiscal year-to-date internal calculation accuracy rate is 97.33% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 100% resulting in an overall accuracy rate of 97.33% for FY 2025.

### **Secondary Payment Stream Audit**

A random sample of this group is audited each month. All benefits audited are incorporated into the attached statistics reports.



Retirement New Retiree Benefit  
Audit Statistics

<b>Period Audited:</b>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>			
<b>Audited Through Payment Date:</b>	June, 2023	June, 2024	January, 1900			
<b>Unresolved Issues Remaining</b>	0	0	0			
<b><u>Analysis of New Retiree Population and Issues</u></b>						
Total New Retirees Retired	1052	1106	513			
Total Retirees Audited	604	501	178			
% New Retirees Audited	<b>57.41%</b>	<b>45.30%</b>	<b>34.70%</b>			
Total Retirees with Issues	110	24	11			
<i>Internal Calculation Issue</i>	78	11	3			
<i>Compliance Issues</i>	32	13	8			
<b>Accuracy Rates</b>						
<i>Internal Calculation Accuracy Rate</i>	<b>87.09%</b>	<b>97.80%</b>	<b>98.31%</b>	<b>97% Goal</b>		
<i>Compliance Accuracy Rate</i>	<b>94.70%</b>	<b>97.41%</b>	<b>95.51%</b>			
Overall Accuracy Rate	<b>81.79%</b>	<b>95.21%</b>	<b>93.82%</b>			
Minimum Amount (understated)	(\$3,266.16)	(\$58,051.20)	(\$300.84)			
Maximum Amount (overstated)	\$1,658.11	\$2,792.74	\$0.00			
<b>Summary of Errors</b>						
	<u>FY 2023</u>		<u>FY 2024</u>		<u>FY 2025</u>	
	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>
Monthly Benefit Understated	12	(\$5,935.03)	6	(\$58,980.52)	1	(\$300.84)
Monthly Benefit Overstated	74	\$10,927.71	4	\$5,015.28	0	\$0.00
Compliance Errors	24	\$0.00	14	\$0.00	10	\$0.00
	110	\$4,992.68	24	(\$53,965.24)	11	(\$300.84)
<b>Summary of Issue Categories</b>						
	<u>FY 2023</u>		<u>FY 2024</u>		<u>FY 2025</u>	
	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>
Final Average Salary Issues Total	7	(\$216.63)	3	(\$5.04)	0	\$0.00
Years of Service Issues Total	0	\$0.00	4	\$947.73	0	\$0.00
Reduction Factor Issues Total	4	(\$3.22)	2	\$2,652.90	0	\$0.00
Payee Account Issues Total	8	\$1,649.00	2	\$1,136.86	0	\$0.00
Benefit Option Issues Total	0	\$0.00	0	\$0.00	0	\$0.00
Account Balance/Minimum Guarantee Issues Total	1	(\$3,266.16)	3	(\$58,697.69)	2	\$0.00
Retiree Health Insurance Credit Issues Total	68	\$6,826.85	0	\$0.00	1	(\$300.84)
Employer/Employee Contributions Issues Total	0	\$0.00	0	\$0.00	0	\$0.00
No Impact to Benefit Amount Issues Total	1	\$2.84	0	\$0.00	0	\$0.00
Compliance Issues Total	16	\$0.00	9	\$0.00	7	\$0.00
Errors Found by Staff other than Internal Audit Division Total	0	\$0.00	0	\$0.00	0	\$0.00
System Errors Found by Internal Audit Not Impacting Benefit Amounts Total	0	\$0.00	0	\$0.00	1	\$0.00
Errors Found Requiring Research Total	0	\$0.00	0	\$0.00	0	\$0.00
Correspondence Issues	5	\$0.00	1	\$0.00	0	\$0.00
	110	\$4,992.68	24	(\$53,965.24)	11	(\$300.84)

Retirement New Retiree Benefit  
Audit Statistics

Internal Audit  
11/18/2024 10:03 AM

Period Audited	FY 2023		FY 2024		FY 2025	
	Count	Amount	Count	Amount	Count	Amount
<b>Total Audited Benefits Paid YTD by Plan</b>						
Main	573	\$2,464,101.48	451	\$1,604,055.09	155	\$695,753.99
Main 2020	13	\$10,878.86	19	\$11,969.31	6	\$1,258.24
PS w PS	7	\$37,397.02	7	\$24,774.33	8	\$46,162.27
PS wo PS	3	\$13,870.70	9	\$18,394.12	1	\$77.66
BCI LE	0	\$0.00	4	\$36,728.36	0	\$0.00
State PS	0	\$0.00	3	\$19,418.44	4	\$18,918.66
HP	9	\$115,679.98	4	\$48,634.96	2	\$6,624.71
Judges	3	\$46,561.47	3	\$18,113.60	0	\$0.00
State LE	6	\$33,441.32	0	\$0.00	0	\$0.00
NG	0	\$0.00	0	\$0.00	1	\$3,858.18
Job Service	1	\$5,068.58	0	\$0.00	0	\$0.00
DC	0	\$0.00	1	\$0.00	1	\$0.00
<b>Total Audited</b>	<b><u>615</u></b>	<b><u>\$2,726,999.41</u></b>	<b><u>501</u></b>	<b><u>\$1,782,088.21</u></b>	<b><u>178</u></b>	<b><u>\$772,653.71</u></b>
<b>Total Audited Benefits Paid YTD by Benefit Option</b>						
5 Yr TC	0	\$0.00	0	\$0.00	0	\$0.00
10 Yr TC	3	\$6,470.79	7	\$19,352.14	6	\$8,542.70
20 Yr TC	12	\$66,854.97	8	\$17,028.36	1	\$867.72
100% J&S	235	\$1,293,772.43	167	\$622,788.03	55	\$296,355.31
50% J&S	76	\$335,586.70	59	\$254,272.24	34	\$181,801.92
50% Life Time	11	\$29,017.12	9	\$9,229.59	0	\$0.00
Life of AP - 10 Yr TC	0	\$0.00	4	\$5,140.91	0	\$0.00
Life of AP - 20 Yr TC	0	\$0.00	2	\$4,870.56	0	\$0.00
Life of AP - SL	2	\$981.06	7	\$7,911.79	0	\$0.00
Life of BAO - 5 Yr TC	1	\$84.84	0	\$0.00	0	\$0.00
Life of BAO - 10 Yr TC	0	\$0.00	1	\$112.73	0	\$0.00
Life of BAO - SL	1	\$581.46	1	\$86.62	0	\$0.00
Normal	1	\$25,763.46	3	\$28,872.18	1	\$2,433.36
Periodic Payment	0	\$0.00	1	\$0.00	0	\$0.00
Regular Refund	0	\$0.00	0	\$0.00	1	\$0.00
Single Life	273	\$967,886.58	232	\$812,423.06	80	\$282,652.70
Straight Life	0	\$0.00	0	\$0.00	0	\$0.00
<b>Total Audited</b>	<b><u>615</u></b>	<b><u>\$2,726,999.41</u></b>	<b><u>501</u></b>	<b><u>\$1,782,088.21</u></b>	<b><u>178</u></b>	<b><u>\$772,653.71</u></b>

Retirement New Retiree Benefit  
Audit Statistics

Type of Issue Summaries												
Procedure/System Total Issue Count	FY 2023				FY 2024				FY 2025			
	Count		Dollar		Count		Dollar		Count		Dollar	
Internal Calc Procedure	76	69.09%	\$7,122.34	142.66%	10	41.67%	\$4,945.80	-9.16%	0	0.00%	\$0.00	0.00%
Internal Calc System	2	1.82%	(\$512.50)	-10.27%	1	4.17%	(\$139.84)	0.26%	3	27.27%	(\$300.84)	100.00%
Compliance Procedure	27	24.55%	\$1,649.00	33.03%	11	45.83%	\$0.00	0.00%	8	72.73%	\$0.00	0.00%
Compliance System	5	4.55%	(\$3,266.16)	-65.42%	2	8.33%	(\$58,771.20)	108.91%	0	0.00%	\$0.00	0.00%
<b>Total</b>	<b>110</b>	<b>100.00%</b>	<b>\$4,992.68</b>	<b>100.00%</b>	<b>24</b>	<b>100.00%</b>	<b>(\$53,965.24)</b>	<b>100.00%</b>	<b>11</b>	<b>100.00%</b>	<b>(\$300.84)</b>	<b>100.00%</b>
<b>Pre or Post PERSLink Total Issue Count</b>												
Pre PERSLink	0	0.00%	\$0.00	0.00%	0	0.00%	\$0.00	0.00%	0	0.00%	\$0.00	0.00%
Post PERSLink	110	100.00%	\$4,992.68	100.00%	24	100.00%	(\$53,965.24)	100.00%	11	100.00%	(\$300.84)	100.00%
<b>Total</b>	<b>110</b>	<b>100.00%</b>	<b>\$4,992.68</b>	<b>100.00%</b>	<b>24</b>	<b>100.00%</b>	<b>(\$53,965.24)</b>	<b>100.00%</b>	<b>11</b>	<b>100.00%</b>	<b>(\$300.84)</b>	<b>100.00%</b>

RETIREMENTS BY MONTH PER FISCAL YEAR											
Fiscal Year	FY 2023			FY 2024			FY 2025			Monthly Averages	
Month	Count	Rate	Rank	Count	Rate	Rank	Count	Rate	Rank	Average	Rank
July	65	6.18%	11	92	8.32%	5	84	16.37%	4	80.3	5
August	<b>134</b>	12.74%	1	<b>151</b>	13.65%	1	<b>145</b>	28.27%	1	<b>143.3</b>	1
September	<b>129</b>	12.26%	2	<b>130</b>	11.75%	2	<b>108</b>	21.05%	2	<b>122.3</b>	2
October	89	8.46%	5	<b>105</b>	9.49%	3	94	18.32%	3	96.0	3
November	80	7.60%	6	91	8.23%	6	82	15.98%	5	84.3	4
December	78	7.41%	7	69	6.24%	10	0	0.00%	0	49.0	9
January	58	5.51%	12	88	7.96%	7	0	0.00%	0	48.7	10
February	<b>100</b>	9.51%	3	97	8.77%	4	0	0.00%	0	65.7	6
March	<b>100</b>	9.51%	3	78	7.05%	9	0	0.00%	0	59.3	7
April	78	7.41%	7	58	5.24%	12	0	0.00%	0	45.3	11
May	68	6.46%	10	64	5.79%	11	0	0.00%	0	44.0	12
June	73	6.94%	9	83	7.50%	8	0	0.00%	0	52.0	8
<b>Total</b>	<b>1052</b>	<b>100.00%</b>		<b>1106</b>	<b>100.00%</b>		<b>513</b>	<b>100.00%</b>		<b>890.3</b>	
Average	87.7			92.2			42.8			74.2	
Rank	<b>2</b>			<b>1</b>			<b>#N/A</b>				

Retirement Refunds  
Audit Statistics

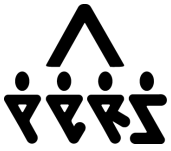
Period Audited Audited Through Payment Date	FY 2023	FY 2024	FY 2025			
	Jun 1, 2023	Jun 1, 2024	Nov 1, 2024			
<b>Number of Unresolved Issues Remaining</b>	0	0	0			
<b><u>Analysis of Refund Population and Issues</u></b>						
Total Refunds Paid	2145	2474	906			
Total Refunds Audited	129	152	75			
% of Refunds Audited	6.01%	6.14%	8.28%			
Total Refunds with Issues	13	11	2			
<i>Internal Calculation Issue</i>	11	7	2			
<i>Compliance Issues</i>	2	4	0			
<i>Employer Issues</i>						
<i>Internal Calculation Accuracy Rate</i>	91.47%	95.39%	97.33%			
<i>Compliance Accuracy Rate</i>	98.45%	97.37%	100.00%			
<i>Employer Accuracy Rate</i>						
Overall Accuracy Rate	89.92%	92.76%	97.33%			
Maximum Overstated	\$2,253.39	\$25.63	\$180.05			
Minimum Understated	(\$98.53)	(\$776.51)	(\$1,543.69)			
<b><u>Summary of Total Issue Results (Effect on gross Refund)</u></b>						
	<b><u>FY 2023</u></b>		<b><u>FY 2024</u></b>		<b><u>FY 2025</u></b>	
	<b><u>Count</u></b>	<b><u>Amount</u></b>	<b><u>Count</u></b>	<b><u>Amount</u></b>	<b><u>Count</u></b>	<b><u>Amount</u></b>
Total Refund Understated	4	(\$196.30)	5	(\$2,054.58)	1	(\$1,543.69)
Total Refund Overstated	7	\$3,786.03	3	\$63.91	1	\$180.05
Other Issues	2	\$0.00	3	\$0.00	0	\$0.00
	13	\$3,589.73	11	(\$1,990.67)	2	(\$1,363.64)
<b><u>Issues impacting Refund (Net total):</u></b>						
	<b><u>FY 2023</u></b>		<b><u>FY 2024</u></b>		<b><u>FY 2024</u></b>	
	<b><u>Count</u></b>	<b><u>Amount</u></b>	<b><u>Count</u></b>	<b><u>Amount</u></b>	<b><u>Count</u></b>	<b><u>Amount</u></b>
Cause of Issue Impacting Refund Amount	5	\$192.91	4	(\$1,012.10)	1	(\$1,543.69)
Cause of Issue Impacting Account Balance Total	6	\$1,143.43	4	(\$978.57)	1	\$180.05
Cause of Issue Impacting Payee Account Total	1	\$2,253.39	0	\$0.00	0	\$0.00
Compliance Deficiencies (no dollar impact on refund)	1	\$0.00	3	\$0.00	0	\$0.00
Errors Found by Staff other than Internal Audit Division Total	0	\$0.00	0	\$0.00	0	\$0.00
System Errors Found by Internal Audit Not Impacting Refund Amount Total	0	\$0.00	0	\$0.00	0	\$0.00
Errors Found Requiring Research	0	\$0.00	0	\$0.00	0	\$0.00
Correspondence Issues	0	\$0.00	0	\$0.00	0	\$0.00
	13	\$3,589.73	11	(\$1,990.67)	2	(\$1,363.64)

Retirement Refunds  
Audit Statistics

Period Audited	FY 2023		FY 2024		FY 2025	
	Count	Amount	Count	Amount	Count	Amount
<b>Total Audited Benefits Paid YTD by Plan</b>						
Main	89	\$4,750,565.60	92	\$4,342,108.67	38	\$1,706,501.92
Main 2020	27	\$48,666.59	34	\$84,530.29	17	\$121,626.53
PS w PS	6	\$186,299.13	14	\$304,785.99	11	\$326,355.70
PS wo PS	1	\$12,062.16	6	\$68,736.57	3	\$330,572.62
BCI LE	0	\$0.00	2	\$22,921.04	3	\$30,665.49
National Guard	0	\$0.00	1	\$784.62	0	\$0.00
HP	3	\$164,560.56	1	\$34,853.06	3	\$104,702.76
Judges	0	\$0.00	0	\$0.00	0	\$0.00
State LE	2	\$1,747.37	1	\$6,478.32	0	\$0.00
Job Service	0	\$0.00	0	\$0.00	0	\$0.00
DC	1	\$3.16	0	\$0.00	0	\$0.00
State PS	0	\$0.00	1	\$58,910.53	0	\$0.00
<b>Total Audited</b>	<b>129</b>	<b>\$5,163,904.57</b>	<b>152</b>	<b>\$4,924,109.09</b>	<b>75</b>	<b>\$2,620,425.02</b>
<b>Total Audited Benefits Paid YTD by Benefit Option</b>						
Post-Retirement Death	10	\$376,178.89	5	\$264,343.85	7	\$391,126.89
Pre-Retirement Death	18	\$1,346,967.15	22	\$924,423.04	7	\$211,667.69
Regular Refund	79	\$3,422,395.46	27	\$3,716,760.49	11	\$2,009,853.23
Auto Refund	22	\$18,363.07	98	\$18,581.71	50	\$7,777.21
<b>Total Audited</b>	<b>129</b>	<b>\$5,163,904.57</b>	<b>152</b>	<b>\$4,924,109.09</b>	<b>75</b>	<b>\$2,620,425.02</b>

Type of Issue Summaries												
Procedure/System Total Issue Count	FY 2023				FY 2024				FY 2025			
	Count	Rate	Dollar	Rate	Count	Rate	Dollar	Rate	Count	Rate	Dollar	Rate
Procedure	1	7.69%	\$157.76	4.39%	2	18.18%	(\$158.26)	7.95%	1	50.00%	(\$1,543.69)	113.20%
System	10	76.92%	\$3,431.97	95.61%	5	45.45%	(\$1,849.16)	92.89%	1	50.00%	\$180.05	-13.20%
Compliance	2	15.38%	\$0.00	0.00%	4	36.36%	\$16.75	-0.84%	0	0.00%	\$0.00	0.00%
<b>Total</b>	<b>13</b>	<b>100.00%</b>	<b>\$3,589.73</b>	<b>100.00%</b>	<b>11</b>	<b>100.00%</b>	<b>(\$1,990.67)</b>	<b>100.00%</b>	<b>2</b>	<b>100.00%</b>	<b>(\$1,363.64)</b>	<b>100.00%</b>
<b>Pre or Post PERSLink Total Issue Count</b>												
PrePERSLink	0	0.00%	\$0.00	0.00%	0	0.00%	\$0.00	0.00%	0	0.00%	\$0.00	0.00%
PostPERSLink	13	100.00%	\$3,589.73	100.00%	11	100.00%	-\$1,990.67	100.00%	2	100.00%	-\$1,363.64	100.00%
<b>Total</b>	<b>13</b>	<b>100.00%</b>	<b>\$3,589.73</b>	<b>100.00%</b>	<b>11</b>	<b>100.00%</b>	<b>(\$1,990.67)</b>	<b>100.00%</b>	<b>2</b>	<b>100.00%</b>	<b>(\$1,363.64)</b>	<b>100.00%</b>

RETIREMENTS BY MONTH PER FISCAL YEAR											
Fiscal Year Month	FY 2023			FY 2024			FY 2025			Monthly Averages	
	Count	Rate	Rank	Count	Rate	Rank	Count	Rate	Rank	Average	Rank
July	148	6.90%	12	182	7.36%	9	172	18.98%	#N/A	167.3	5
August	163	7.60%	10	159	6.43%	12	189	20.86%	#N/A	170.3	4
September	201	9.37%	1	224	9.05%	3	214	23.62%	#N/A	213.0	1
October	190	8.86%	4	220	8.89%	4	170	18.76%	#N/A	193.3	2
November	195	9.09%	3	191	7.72%	7	161	17.77%	#N/A	182.3	3
December	189	8.81%	5	210	8.49%	6	0	0.00%	0	133.0	8
January	177	8.25%	8	181	7.32%	10	0	0.00%	0	119.3	11
February	178	8.30%	7	178	7.19%	11	0	0.00%	0	118.7	12
March	184	8.58%	6	256	10.35%	2	0	0.00%	0	146.7	6
April	157	7.32%	11	270	10.91%	1	0	0.00%	0	142.3	7
May	165	7.69%	9	212	8.57%	5	0	0.00%	0	125.7	10
June	198	9.23%	2	191	7.72%	7	0	0.00%	0	129.7	9
<b>Total</b>	<b>2145</b>	<b>100.00%</b>		<b>2474</b>	<b>100.00%</b>		<b>906</b>	<b>100.00%</b>		<b>1841.7</b>	
<b>Average</b>	<b>178.8</b>			<b>206.2</b>			<b>75.5</b>			<b>153.5</b>	
<b>Rank</b>		<b>2</b>			<b>1</b>			<b>3</b>			



# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
Tyler Erickson  
Senator Dick Dever  
Nina Sand  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** Benefit/Premium Adjustments Report

Attached is the quarterly benefit adjustment report for the period August 1, 2024 through October 31, 2024. The report is in several sections to indicate the type of corrections needed.

A summary of the adjustment amounts and the total number of each adjustment type is shown below and a summary of the detail is attached.

	1/31/2024		4/30/2024		7/31/2024		10/31/2024		
	Total		Total		Total		New	Total	
Retirement Overpaid	32	\$159,709.17	31	\$169,609.34	30	\$163,394.73	10	31	\$29,508.10
Retirement Underpaid	3	(\$220.07)	2	(\$2,411.03)	13	(\$7,905.19)	0	2	(\$265.70)
RHIC Overpaid	10	\$8,760.19	16	\$9,532.48	24	\$10,621.54	0	6	\$902.24
RHIC Underpaid	0	\$0.00	0	\$0.00	1	(\$5.88)	1	1	(\$300.84)
Refunds Overpaid	18	\$1,902.24	20	\$2,954.00	4	\$1,303.47	0	3	\$1,170.45
Refunds Underpaid	1	(\$776.51)	0	\$0.00	0	\$0.00	0	0	\$0.00
Insurance Overpaid	21	(\$3,784.75)	34	(\$18,553.97)	0	\$0.00	0	0	\$0.00
Insurance Underpaid	9	\$15,620.92	10	\$22,706.28	8	\$17,643.03	2	9	\$17,862.95
<b>Total Combined</b>	<b>94</b>	<b>\$181,211.19</b>	<b>113</b>	<b>\$183,837.10</b>	<b>80</b>	<b>\$185,051.70</b>	<b>13</b>	<b>52</b>	<b>\$48,877.20</b>

Attachment

FYE 2025 Quarterly Benefit Adjustment Report - Draft SLP.xlsx

Date	Subject Title	Plan	Amount Due NDPERS/ (Member)	Simple Interest Due	Status Update	Explanation of Adjustment	Error found by Internal Audit
<b>RETIREMENT BENEFIT CORRECTIONS</b>							
8/16/2024	Retirement Overpayment	Main	\$414.12	\$0.00	Lifetime reduction applied	Employer reported wages incorrectly initially.	No
8/16/2024	Retirement Overpayment	Main	\$968.66	\$0.00	Paid in Full	Employer reported wages incorrectly initially.	No
8/16/2024	Retirement Overpayment	Main	\$495.04	\$0.00	Monthly payments applied	Employer reported wages incorrectly initially.	No
8/16/2024	Retirement Underpayment	Main	(\$264.86)	\$0.00	Paid in Full	Employer reported wages incorrectly initially.	No
8/16/2024	Retirement Underpayment	Main	(\$0.84)	\$0.00	Paid in Full	Employer reported wages incorrectly initially.	No
8/16/2024	Retirement Overpayment	Main	\$1,569.15	\$0.00	Lifetime reduction applied	Employer reported wages incorrectly initially.	No
9/12/2024	Retirement Overpayment	Main	\$90.02	\$0.00	Paid in Full	Service purchase payment posted one month too early so member's beneficiaries were overpaid the interest that applied one month too early.	Yes
9/12/2024	Retirement Overpayment	Main	\$90.03	\$0.00	Paid in Full	Service purchase payment posted one month too early so member's beneficiaries were overpaid the interest that applied one month too early.	Yes
10/15/2024	Retirement Overpayment	Main	\$713.08	\$0.00	2nd notice sent - will default to lifetime offset if no response	Member returned to work and PERS was not notified timely	No
10/22/2024	Retirement Overpayment	Main 2020	\$50.91	\$0.00	MOU Sent / 2nd notice scheduled to send 11/22/2024	NDPERS was notified that member never made the contributions to their deferred comp account that were reported. Therefore, the Vested ER contributions that were made and received by the member when they refunded were overpaid.	No

FYE 2025 Quarterly Benefit Adjustment Report - Draft SLP.xlsx

Date	Subject Title	Plan	Amount Due NDPERS/ (Member)	Simple Interest Due	Status Update	Explanation of Adjustment	Error found by Internal Audit
<b>RHIC CORRECTIONS</b>							
11/1/2024	RHIC Underpayment	Highway Patrol	(\$300.84)	\$0.00	RHIC record created and member will be paid by ASI after next claim file.	A post retirement death surviving spouse of a Highway Patrol member did not get their RHIC benefit created.	No
<b>INSURANCE CORRECTIONS</b>							
8/20/2024	Insurance Underpayment	Health	\$215.20	\$0.00	Written Off	Member deceased prior to NDPERS receiving the final month of premium payment	No
10/30/2024	Insurance Underpayment	Medicare Part D	\$64.72	\$0.00	MOU Sent / Estate has until 12/29/24 to respond.	Member deceased prior to NDPERS receiving the final month of premium payment	No
<b>CORRECTIONS REPORTED PREVIOUSLY - SETTLEMENT AGREEMENT REACHED</b>							
7/8/2024	RHIC Overpayment	RHIC	\$122.08	\$0.00	Written Off	Member deceased and PERS was not notified timely	No
7/8/2024	RHIC Overpayment	RHIC	\$58.09	\$0.00	Written Off	Member deceased and PERS was not notified timely	No
7/8/2024	RHIC Overpayment	RHIC	\$37.08	\$0.00	Paid in Full	Member deceased and PERS was not notified timely	No
12/22/2022	Retirement Overpayment	Main	\$385.12	\$0.00	Second Notice Sent - no response - overpayment will be offset against future payments	Vested ER Query - Vested ER was calculated incorrectly by the system and was overfunded. Member RTW and currently employed.	Yes
9/19/2023	Retirement Overpayment	Main	\$531.69	\$0.00	No response received. Actuarial offset will applied to subsequent retirement.	Member returned to work and PERS was not notified timely. Member RTW and currently employed.	No
3/19/2024	Refund Overpayment	Main	\$423.96	\$0.00	Paid in Full	Service purchase Query - Service purchase payment posting date issue	Yes
4/11/2024	Insurance Underpayment	Dental	\$419.32	\$0.00	Payments being made on balance due	Dental insurance set up as Individual instead of Individual + Spouse when member had an employment transfer. Member RTW and currently employed.	No



FYE 2025 Quarterly Benefit Adjustment Report - Draft SLP.xlsx

Date	Subject Title	Plan	Amount Due NDPERS/ (Member)	Simple Interest Due	Status Update	Explanation of Adjustment	Error found by Internal Audit
<b>CORRECTIONS REPORTED PREVIOUSLY - SETTLEMENT NOT REACHED</b>							
2/28/2022	Retirement Overpayment	Main	\$525.24	\$0.00	Payments made on \$15,388.83 due - balance of \$525.24 remains. Offset to future beneficiary payments	Member deceased and received payments after their death. Currently reviewing options with AG Office for repayment of tax withholding as this can't be recovered from IRS. Appears it will be a future reduction of beneficiary payment due to extenuating circumstances (Family non-responsive, beneficiary in prison). On hold per AG guidance.	No
6/10/2024	Retirement Overpayment	Main	\$865.64	\$0.00	MOU issued / Second notice sent / member termed 11/2024 / Member indicated they would pay in full in 11/2024	Member returned to work and PERS was not notified timely	No
6/14/2024	Retirement Overpayment	Main	\$369.44	\$0.00	MOU issued / Second notice sent / will send to AG for collection	Member deceased and PERS was not notified timely	No
12/16/2019	RHIC Overpayment	Main	\$210.00	\$0.00	Sent to AG for collection	Member received RHIC payments after their death. Under review at the AG Office. With Civil Litigation.	No
1/27/2020	Retirement Overpayment	Main	\$134.78	\$0.00	Sent to AG for collection	Member's beneficiary deceased resulting in 1 month of overpaid retirement benefits. Under review at the AG Office. With Civil Litigation.	No
1/27/2020	RHIC Overpayment	Main	\$274.16	\$0.00	Sent to AG for collection	Member's beneficiary deceased resulting in 1 month of overpaid RHIC benefits. Under review at the AG Office. With Civil Litigation.	No
1/8/2021	Retirement Overpayment	Main	\$2,488.90	\$0.00	Sent to AG for collection	Member received benefit payments after their death. Second MOU sent 4/29/2021. Third MOU sent 8/9/2021. Under review at the AG Office. With Civil Litigation.	No
1/25/2021	RHIC Overpayment	Main	\$200.83	\$0.00	Sent to AG for collection	Member received RHIC payments after their death. Under review at the AG Office. With Civil Litigation.	No
3/1/2021	Retirement Overpayment	Main	\$953.53	\$0.00	Sent to AG for collection	Member received benefit payments after their death. MOU returned and no forwarding address was left. Sent to the AG's office 7/16/2021. Under review at the AG Office. With Civil Litigation.	No
11/10/2021	Retirement Overpayment	Main	\$329.00	\$0.00	Sent to AG for collection	Member received benefit payment after their death, before PERS was notified on 11/4/2021. MOU sent 11/10/2021. Appears multiple attempts for collection were made. Under review at the AG Office. With Civil Litigation.	No
1/19/2023	Retirement Overpayment	Main	\$217.75	\$0.00	Sent to AG for collection	Service purchase Query - Service purchase payment posting date issue	Yes

FYE 2025 Quarterly Benefit Adjustment Report - Draft SLP.xlsx

Date	Subject Title	Plan	Amount Due NDPERS/ (Member)	Simple Interest Due	Status Update	Explanation of Adjustment	Error found by Internal Audit
2/13/2023	Retirement Overpayment	Main	\$1,331.22	\$0.00	Sent to AG for collection	Member deceased and PERS was not notified timely.	No
6/7/2023	Retirement Overpayment	Main	\$509.94	\$0.00	Appealed to Board but was denied / Sent to AG for collection	Vested ER Query - Vested ER was calculated incorrectly by the system and was overfunded.	Yes
6/13/2023	Retirement Overpayment	Main	\$246.15	\$0.00	Sent to AG for collection	Vested ER Query - Vested ER was calculated incorrectly by the system and was overfunded.	Yes
8/25/2023	Retirement Overpayment	Main	\$1,564.85	\$0.00	Sent to AG for collection	Member deceased and PERS was not notified timely	No
11/16/2023	Retirement Overpayment	Main	\$998.67	\$0.00	Sent to AG for collection	Member returned to work and PERS was not notified timely	Yes
12/1/2023	Retirement Overpayment	Main	\$672.01	\$0.00	Sent to AG for collection	Member deceased and PERS was not notified timely	Yes
2/2/2024	Refund Overpayment	Main	\$544.42	\$0.00	Sent to AG for collection	Vested ER Query - Vested ER was calculated incorrectly by the system and was overfunded.	Yes
3/7/2024	Insurance Underpayment	Part D Presc	\$263.88	\$0.00	Sent to AG for collection	NDPERS received notice of divorce and end dated insurance coverage however, the vendor did not receive notice of the cancellation and coverage was not removed.	No
3/19/2024	Refund Overpayment	PS wout PS	\$202.07	\$0.00	Sent to AG for collection	Service purchase Query - Service purchase payment posting date issue	Yes
3/21/2024	Insurance Underpayment	HSA	\$1,043.42	\$0.00	Sent to AG for collection	Member contributed more than the IRS limit to their HSA account. The employer issued a refund of the overcontribution however the member's HSA account did not have the funds available to recoup so an MOU was issued.	No
3/21/2024	Insurance Underpayment	HSA	\$1,043.42	\$0.00	Sent to AG for collection	Member contributed more than the IRS limit to their HSA account. The employer issued a refund of the overcontribution however the member's HSA account did not have the funds available to recoup so an MOU was issued.	No
4/18/2024	Retirement Overpayment	Main	\$687.03	\$0.00	Sent to AG for collection / Follow up letter sent to Estate 11/15	Member deceased and PERS was not notified timely. Rec'd \$687.03 in 11/2024, but realized the requested amount was never increased to gross amount in 2023.	No
4/18/2024	Retirement Overpayment	Main	\$151.67	\$0.00	Sent to AG for collection / Resending to Estate 11/15 along with other collection attempt	Member deceased and PERS was not notified timely.	No
5/1/2024	Retirement Overpayment	Main	\$1,364.56	\$0.00	Sent to AG for collection	Member deceased and PERS was not notified timely	No

FYE 2025 Quarterly Benefit Adjustment Report - Draft SLP.xlsx

Date	Subject Title	Plan	Amount Due NDPERS/ (Member)	Simple Interest Due	Status Update	Explanation of Adjustment	Error found by Internal Audit
5/1/2024	Retirement Overpayment	Main	\$161.67	\$0.00	Sent to AG for collection	Member deceased and PERS was not notified timely	No
6/4/2024	Retirement Overpayment	Main	\$547.96	\$0.00	Sent to AG for collection	Member deceased and PERS was not notified timely.	No
1/1/2014	Insurance Underpayment	Health	\$11,632.67	\$0.00	Sent to AG for collection - over 6 years past due	Underpayment of insurance premiums. Under review at the AG Office. Member appealed repayment. With Civil Litigation.	No
10/26/2015	Insurance Underpayment	Health	\$1,567.66	\$0.00	Sent to AG for collection - over 6 years past due	Past due insurance premiums. Under review at the AG Office. With Civil Litigation.	No
8/24/2016	Retirement Overpayment	Main	\$4,655.25	\$0.00	Sent to AG for collection - over 6 years past due	Member received benefit payments after their death. Unable to locate spouse to obtain death certificate and set up spouse benefits. PERS is working with the AG office on collection but it is currently on hold as PERS is unable to locate spouse to correct record. On hold per AG guidance.	No
12/28/2017	Insurance Underpayment	Health	\$1,612.66	\$0.00	Sent to AG for collection - over 6 years past due	Underpayment of insurance premiums. Under review at the AG Office. With Civil Litigation.	No
3/15/2018	Retirement Overpayment	Main	\$5,425.02	\$0.00	Sent to AG for collection - over 6 years past due	Refund amount doubled in error. Under review at the AG Office. With Civil Litigation.	No



# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
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Senator Dick Dever  
Nina Sand  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT: Outstanding Issues Status Report**

As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the Audit Committee the status of the audit recommendations of the external auditors, as well as any made by Internal Audit.

The attached report has been updated to reflect what has been accomplished August 1, 2024 through October 31, 2024. Twelve new issues were added and 28 outstanding issues remain. A summary is as follows:

	Closed	New	Progress Made	No Change	No Response	Total
Previous Month Total	7	6	12	1	22	41
Accounting	0	1	0	0	0	1
Administration	0	0	0	0	0	0
Benefits	13	11	4	2	22	39
Operations	0	0	0	0	0	0
Internal Audit	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0
<b>Current Month Total</b>	<b>13</b>	<b>12</b>	<b>4</b>	<b>2</b>	<b>22</b>	<b>40</b>

Attached is the Outstanding Audit Issues including recommendations from the external auditors as well as internal auditors. Management responses and updates to the recommendations are included in this report.

Attachment

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
<b>EXTERNAL AUDIT ISSUES</b>				
2023-01 EA	<b>Issue Description</b>	The external auditors received payroll files that did not match the census data from one org and they have now stopped responding. It appears that this org may be including ineligible wages in their reporting to PERS. This org is immaterial to PERS as a whole and because they've stopped communicating, the external auditor is not going to continue to pursue.	<b>Open</b>	Derrick (Accounting)
	<b>Auditor Recommendations</b>	The external auditors gave a verbal recommendation that PERS consider a wage reporting audit of this org.		
	<b>NDPERS Response/ Resolution</b>	<b>Update 2/2024:</b> Internal Audit has asked the external auditors to send a copy of the most complete data file(s) that they have received from this org but nothing has been received so far. This will be added to Internal Audit's 2024 Audit Plan. <b>5/2024:</b> No updates at this time. IA has this on their radar as time allows for 2024. <b>8/2024:</b> Audit in process. <b>11/2024:</b> Audit wrap up in process.		
<b>INTERNAL AUDIT ISSUES</b>				
<b>Monthly Retirement &amp; Refund Audit</b>				
2021-01 IA	<b>Issue Description</b>	During the monthly retirement payment audit, IA found a member whose OMG & AB was overstated due to the system not including the amount removed for the AP Benefit Payment in December 2014. The amount allocated to the AP is also incorrect and needs to be adjusted.	<b>Open</b>	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	Re-Issue a PIR 15023 to correct the AB allocated to the Alternate Payee.  Issue PIR 24141 to correct this member's OMG & AB to reflect the amount allocated to the Alternate Payee.  Request a query be run to find others in payment/refund status with this issue.  Determine if system can be fixed to catch others with this issue prior payment or come up with a work around to ensure the proper amount is being paid out.		
	<b>NDPERS Response/ Resolution</b>	<b>Update 5/2022:</b> PIR 20177 has been confirmed and is still pending as "Assigned to Sagitec" <b>Update 5/2023:</b> Query is currently being reviewed by IA. <b>Update 11/2023:</b> 10/24/2023 programmer indicated PIR 20177 is QDRO related and is pending process redesign in 2024. <b>Update 2/2024:</b> PIR 24496 Payee Account OMG has been corrected on 11/10/2021. QDRO reduction and member AB and OMG are reviewed after check write each month and updated manually by logging PIR by staff for a data fix on the system or an accounting adjustment to correct PCD. Query is currently being reviewed by IA. <b>Update 5/2024:</b> Query review completed by Internal Audit and sent to Benefits for review and clean up of any account issues. <b>8/2024:</b> Benefits team is reviewing query and identified accounts for clean up <b>11/2024:</b> Benefits review complete. Internal Audit needs to verify results. Waiting on guidance from AG on if accounts beyond the statute of limitations should be corrected.		

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-01 IA	<b>Issue Description</b>	This member was disability and did not convert to normal retirement when they reached NRD but also didn't recertify so the disability benefit was suspended. The paperwork has now been received and the member set up for normal retirement benefits. The system did not include the final month of interest in the OMG calculation.	<b>Open</b>	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	OMG should be corrected.		
	<b>NDPERS Response/ Resolution</b>	<b>Update 2/2024:</b> The account has been updated. PIR 26061 was logged for system programming on post-retirement disability death accounts needing interest update warning or recalc to work to notify staff <b>Update 5/2024:</b> PIR 26061 was retested and returned to Sagitec 4/29/2024 <b>8/2024:</b> PIR 26061 was retested and returned to Sagitec again 8/7/2024 <b>11/2024:</b> No update - PIR in confirmed status.		
2024-02 IA	<b>Issue Description</b>	This member was a disability to normal retiree with a Term Certain benefit and with the disability benefit being higher than the normal retirement benefit. When the member was set up for retirement, the system calculated the OMG using the normal retirement benefit instead of the higher disability benefit.	<b>Open</b>	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	PIR 26318 was logged to correct this member's OMG and determine if further system programing would be needed.		
	<b>NDPERS Response/ Resolution</b>	<b>Update 5/2024:</b> PIR 26318 was assigned to Sagitec on 3/1/2024 <b>8/2024:</b> PIR 26318 was assigned to Sagitec (No Update) <b>11/2024:</b> No update. PIR in confirmed status.		

Date FY- Issue #	<b>General Information</b>		<b>Status</b> Open/ Closed	Staff (Category)
2024-03 IA	<b>Issue Description</b>	<p>A member wrote over a percentage of one of the contingent beneficiary forms making it difficult to determine what amount was actually written in but in no case would the amounts payable to all beneficiaries equal to 100%. An assumption was made as to what the member was wanting but the amount could have been interpreted in multiple ways.</p> <p>In this situation the member's elections equaled greater than 100%. The statement on the form says "All beneficiary designations shall equal 100% of the benefit. If the benefit is being divided amongst multiple beneficiaries and the total share does not equal 100%, NDPERS shall amend the designations in order to reach the 100% in total, but in no circumstance will NDPERS amend the beneficiary designation by more than one (1) %. If an amendment is necessary, the additional percentage shall be credited to the eldest beneficiary."</p> <p>This does not appear to give us the authority to reduce a percentage if needed and this is not the action that staff took on this member's beneficiaries. In further discussions with staff, it seems that if staff feel they can interpret what the member wanted, they will adjust according instead of as the disclaimer on the form indicates.</p> <p>The member should also have initialled by the change they made on the form.</p>	Closed	Rebecca (Benefits)
<b>Auditor Recommendations</b>	<p>A new form should have been requested to be sure the beneficiaries were set up as the member had intended. A new form was received 3/26/2024.</p> <p>Staff should consider altering the language on the beneficiary form to state something along the lines of "If the benefit is being divided amongst multiple beneficiaries and the total share does not equal 100%, NDPERS shall amend the designations in order to reach the 100% in total, but in no circumstance will NDPERS amend the beneficiary designation by more than one (1) %. If an amendment is necessary, the <u>additional percentage adjustment</u> shall be <u>credited made</u> to the eldest beneficiary." to allow staff to add or remove percentages as necessary.</p> <p>Staff should also only be adjusting percentages as indicated on the disclaimer and if they don't believe that is what the member is intending they should request a new form be completed so it is clear.</p> <p>It is best practice to have members initial by any changes made to application forms or other election forms to prove it is the member making the election.</p>			
<b>NDPERS Response/Resolution</b>	<p><b>Update 5/2024:</b> Benefits team has had a number of follow up meetings with managers and team leads to clarify beneficiary form language and process for form date entry. PIR 26451 is pending final form edits to be submitted.</p> <p><b>8/2024:</b> Meeting to discuss on 8/12/2024. Then, updates will be PIRed by 8/15/2024 for these to be effective 9/1/2024.</p> <p><b>11/2024:</b> PIR 26451 is in production and Beneficiary form has been updated and is being utilized.</p>			
2024-04 IA	<b>Issue Description</b>	<p>This is a return to work member and, consistent with procedures at the time, around 2005, elected to repay their first benefit by a lifetime reduction so their wages and service credit from their first employment could be calculated in with their new benefit. Because of the way the benefit was set up, the member paid off the amount due from their initial retirement in 2013 but the lifetime reduction was never removed consistent with the policy in place today.</p>	Open	Rebecca (Benefits)
<b>Auditor Recommendations</b>	<p>The member's monthly benefit amount should be updated and the overpaid repayment should also be paid to the member with interest.</p>			
<b>NDPERS Response/Resolution</b>	<p><b>Update 8/2024:</b> The process in place for RTW changed in 2017, so the independent calculations that we have today in house for RTW accounts were previously actuarial reductions in place on the member's monthly lifetime benefit. Internal discussion will be mid-August during our monthly retirement audit review meeting.</p> <p><b>11/2024:</b> Staff are waiting for guidance from Ice Miller.</p>			

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-05 IA	<b>Issue Description</b>	A new retiree had a spouse over the age of 65 and therefore eligible for Medicare. When the payee account was set up, it was incorrectly linked to a previous refund that the beneficiary had recieved. This would result in the insurance premiums not being deducted as they were not linked to the current payee account. When the Medicare application came in, the member's payee account was already set up and approved for payment which resulted in the premium deductions being linked to the beneficiary's old account instead of the member's current account.	Closed	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	Procedures should be updated to include a step where the BPS notify the BDS when an insurance application is received for a new retiree after their account has already been approved for payment.		
	<b>NDPERS Response/ Resolution</b>	11/2024: Procedures were updated and staff trained on the new procedure. BPS will notify BPS when insurance is set up based on application received after the payee account has been approved for payment.		
2024-06 IA	<b>Issue Description</b>	There were purchase payments posted in the incorrect month for a refund. There is currently a process to notify staff of this known issue on the on the Payroll Adjustments Checkwrite report so that the adjustment can be made prior to a refund being issued, howere this account was not flagged. It was discovered that there was a missing criteria in the query for this report.	Open	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	The member's refund should be corrected. The Payroll Adjustments report shoul also be updated to include all purchase payment types so these are not missed in the future.  The query should be run again with the updated criteria to identify additional purchase payments on historical refunds that will need to be corrected.		
	<b>NDPERS Response/ Resolution</b>	11/2024: The query was re-run and an additional 83 accounts were noted that will need to be corrected.		
2024-07 IA	<b>Issue Description</b>	A marital Status was not updated to widowed on a pop-up payee.	Closed	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	The member's marital status should be updated.		
	<b>NDPERS Response/ Resolution</b>	11/2024: Marital status has been updated.		



Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-08 IA	<b>Issue Description</b>	Wages with salary spikes and the initial delayed payroll were correctly reviewed with the employer during the new retiree account set up, however the service credit and wages confirmed by ER were not consistent with the reported wages and service credit. Additional follow up should have been done and ultimately there were wages that should have been removed.	Closed	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	When the employer confirms wages that do not agree with what has been reported previously, further follow up should be done to determine what the correct information is. Incorrect wages should be adjusted.		
	<b>NDPERS Response/ Resolution</b>	11/2024: Adjustment has been made.		
2024-09 IA	<b>Issue Description</b>	Wages with salary spikes and missed deposits were correctly reviewed with the employer during the new retiree account set up, however the service credit and wages confirmed by ER were not consistent with the reported wages and service credit. Additional follow up should have been done.	Closed	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	When the employer confirms wages that do not agree with what has been reported previously, further follow up should be done to determine what the correct information is.		
	<b>NDPERS Response/ Resolution</b>	11/2024: All wages and service have been confirmed with no issues.		
2024-10 IA	<b>Issue Description</b>	<p>A payment was being issued for a pre-retirement death where the beneficiary is also a PERS member. The beneficiary/member completed a new Designation of Beneficiary form for both their account and their beneficiary account. In the initial submission, they indicated they were widowed on both forms. They later sent an updated form for the pre-retirement account in which they indicated they were married.</p> <p>The beneficiary had not yet had their PERSLink status updated to widowed so the employer was emailed and it was requested that the spouse must sign and date the spouse authorization portion of the form.</p>	Closed	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	<p>The beneficiary's account should have been updated to widowed and the employer should not have been involved in updating a beneficiary form.</p> <p>Additional training should be provided to staff letting them know that beneficiary forms should never go to an employer and should only be communicated directly to the member.</p>		
	<b>NDPERS Response/ Resolution</b>	11/2024: The beneficiaries have been updated.		

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-11 IA	<b>Issue Description</b>	A member with a pop-up payment, had a remaining MG in both their PS and Main plans. A request for updated beneficiary form was not sent out to the member and there was no current beneficiary on file.	Closed	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	When there is remainign MG, an updated beneficiary form should be sent out with the non-employee death letter that requests the death certificate so everything can be updated at the same time.		
	<b>NDPERS Response/ Resolution</b>	11/2024: This is already a part of the copy and paste templates that COU use for the non employee death letter, but was missed in this instance. A new Beneficiary form has been sent out and returned and the beneficiaries have been updated.		
2024-12 IA	<b>Issue Description</b>	A post retirement death surviving spouse of a Highway Patrol member did not get their RHIC benefit.	Open	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	This issue should be review to determine if a system fix is needed. RHIC benefit should be set up for surviving spouse.		
	<b>NDPERS Response/ Resolution</b>	11/2024: PIR 26869 was logged 11/14/2024 to address the programming issue. RHIC record was created manually.		
2024-13 IA	<b>Issue Description</b>	The OMG for a member with a QDRO on their account was not reduced for the AP Split. Staff knew the reduction was not included in the OMG but a PIR to fix it was not logged.	Open	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	The member's OMG should be updated.		
	<b>NDPERS Response/ Resolution</b>	11/2024: The PCD was reduced, but the reduction didn't pull into the OMG. Datafix PIR 26868 was logged to update OMG. PIR 26872 was logged to fix programming with PCD/OMG mismatch.		

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-14 IA	<b>Issue Description</b>	The OMG for a member with a QDRO on their account was not reduced for the AP Split. This was not caught and a PIR to fix it was not logged.	<b>Open</b>	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	The member's OMG should be updated.		
	<b>NDPERS Response/ Resolution</b>	<b>11/2024:</b> The PCD was reduced, but the reduction didn't pull into the OMG. Datafix PIR 26873 was logged to update OMG. PIR 26872 was logged to fix programming with PCD/OMG mismatch.		
2024-15 IA	<b>Issue Description</b>	A new retiree payment for a pre-retirement death surviving spouse beneficiary was set up. A Beneficiary Request form was sent in August 2024 to the the surviving spouse but not returned. A second request has not yet been sent.	<b>Closed</b>	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	A second request for the Beneficiary Request form should be sent. Procedures and system programing should be reviewed to ensure all processes are working as they are intended.		
	<b>NDPERS Response/ Resolution</b>	<b>11/2024:</b> A second request has been sent.		
<b>Sanford ICR Audit</b>				
2024-16 IA	<b>Issue Description</b>	<p>Throughout the review, Internal Audit noted numerous discrepancies in the amounts allocated to the initial settlement reconciliation for this contract period. The discrepancies were largely noted in the subrogation invoices but were also found in the Network Savings fees, Livongo Claims and claims refunded as well as in the enrollment numbers noted in the Settlement calculations. The issues noted resulted in an additional approximately \$480,000 loss. This does not have a financial impact to NDPERS as all losses are absorbed by the Sanford Health Plan. The noted issues will likely be corrected during the final settlement.</p> <p>All discrepancies have been shared with the Sanford Health Plan however since there is no current financial impact resulting from the noted issues, they will likely be corrected during the final settlement.</p>	<b>Closed</b>	Derrick (Accounting)
	<b>Auditor Recommendations</b>	Noted issues should be reviewed during the final settlement reconciliation process in 2025 to determine if they need to be corrected at that time.		
	<b>NDPERS Response/ Resolution</b>	<b>11/2024:</b> Internal Audit will review all noted issues during the final settlement reconciliation process in 2025.		

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
<b>All outstanding audit issues related to the IA Service Purchase Audit are pending until fall/winter 2023. Benefits and accounting teams will review issues as a special project at that time.</b>				
<b>Service Purchase Audit</b>				
2024-17 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Years of Service calculations.  YOS Issue 1) The system is programed to include the service credit and wages that have both, (1) a transaction date that occurs prior to the date and time the service purchase estimate is run and (2) an effective date that occurs in the month prior to or earlier than the month in which the service purchase estimate was run.  - For two members, the Years of Service calculation used an additional month of service credit that should not have been included due to the effective date being in the month the service purchase estimate was run. For both of these examples, service credit for this month was given but the respective wages for the same month were not used in the FAS calculations.  - There is a third member that appears to have this same issue however it is difficult to confirm this is the root issue since Current YOS was not a displayed field at the time this service purchase estimate was run.  - There is a fourth member that appears to have this same issue however it is also difficult to confirm this is the root issue. For this member, all of the individual components that go into the Total Service Purchase Costs are displayed correct in the system, however, there is still a discrepancy which results in the system calculated Total Purchase Cost being incorrect. It appears it is due to the Total Current Service amount that is used in the Total Purchase Cost calculation is different than the amount that is displayed in the system.	<b>Open</b>	Rebecca (Benefits)
	<b>Auditor Recommendations</b>	The system programming should be reviewed to understand why an additional month of service credit was incorrectly included in these service purchase estimates and a fix should be prioritized if necessary.		
	<b>NDPERS Response/Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response		

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-18 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Years of Service calculations.  YOS Issue 2) The Current YOS field and amount used to calculate the Total Service Purchase Cost for two members appear to be continually updating with each month worked instead of being an amount locked in as of the date the service purchase cost estimate was run. One of the estimates is currently in a Void status and the other is Paid in Full.  The system should be reviewed to determine what the Current YOS field is continually updating instead of being a locked in calculation and a fix should be implemented if necessary.  <b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response	<i>Open</i>	Rebecca (Benefits)
2024-19 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Years of Service calculations.  YOS Issue 3) For two members who also had an existing service purchase that was in payment at the time and additional service purchase cost estimate was run, the system did not include the full amount of the previous service purchase contract in the calculation of the normal and earliest retirement ages for the new service purchase cost estimates, as it should have been programed to do.  System programming for these two estimates should be reviewed to determine why the full amount of service purchases currently in payment were not used in the calculated retirement ages of the current estimates.  <b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response	<i>Open</i>	Rebecca (Benefits)

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-20 IA	<b>Issue Description</b> Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Final Average Salary calculations.  FAS Issue 1) During the review of sick leave purchases, it was noted that the system is using estimated wages from the date of the service purchase estimate through the time of the member's projected termination date. Once the termination date is official and all actual wages are received, a true-up should be done between the estimates that were used and the actual wages that were posted and the member should be refunded any excess cost paid or billed for any cost still owed. These true-up calculations have not been done for some time.		Open	Rebecca (Benefits)
<b>Auditor Recommendations</b>	ND PERS staff should start doing true-up reconciliations for sick leave purchases one a termination date and all wages have been posted, collecting any additional amount due to ND PERS or refunding any amount due back to the member.			
<b>NDPERS Response/ Resolution</b>	Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response			
2024-21 IA	<b>Issue Description</b> Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Final Average Salary calculations.  FAS Issue 2) During the review of sick leave purchases, it was noted that the system is using estimated wages from the date of the service purchase estimate through the time of the member's projected termination date. For this member, the system used projected wages for the last two months, however it included two lines for each of those months giving one line the projected wages and the other line \$0 wages. The \$0 wages artificially lowered the FAS.		Open	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This purchase should be reviewed to determine why the last two months were doubled with one of those being listed as having \$0 wages.			
<b>NDPERS Response/ Resolution</b>	Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response			

Date FY- Issue #	<b>General Information</b>		<b>Status</b> Open/ Closed	Staff (Category)
2024-22 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Final Average Salary calculations.  FAS Issue 3) There were multiple member's service purchase estimates that only used 35 wages in the FAS calculation even though there were more than 36 wages available.	<b>Open</b>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	These purchases should be reviewed to determine why the system did not use 36 wages and determine if there is a programming fix that needs to be implemented.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			
2024-23 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Final Average Salary calculations.  FAS Issue 4) The Final Average Salary calculation for one member did not include the a month of wages that should have been included based on both the effective date and the transaction date being before the cost estimate was run.	<b>Open</b>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This purchase should be reviewed to determine why the month's wages noted above were not included in the FAS calculation and a system fix should be implemented if necessary.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-24 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Final Average Salary calculations.  FAS Issue 5) A service purchase estimate for a member with only 3 months of wages at the time the cost estimate was found. The first month of wages were a little more than half of their normal monthly wages. PER NDAC 71-02-03-02.5, #2: "2. For members working full time with less than twelve months of service credit, by using the calculation found in subsection 2 of North Dakota Century Code section 54-52-17, but disregarding any month in which the member was paid less than a full-month salary. A full-month salary is the compensation the member and the member's employer agreed the member would be paid for working a full month." FAS should only include the 2 full months of wages.	<b>Open</b>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This purchase should be reviewed to determine why the month with the lower wages was not excluded from the FAS calculation and a system fix should be implemented if necessary.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			
2024-25 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found in the Final Average Salary calculations.  FAS Issue 5) There was one member in which Internal Audit was unable to determine how the system calculated the Final Average Salary. There does not appear to be a Benefit Estimate associated with this purchase.	<b>Open</b>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This purchase should be reviewed to determine if a system fix is needed.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			



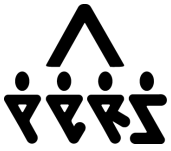
Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-26 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the documentation.  Documentation Issue 1) For a number of sick leave purchases, there was no documentation in the member's file to support the employer's confirmation of the sick leave available as is currently required. Most of the instances noted were from 2011 – 2013 when this may not have been a documentation requirement however one estimate is from 2020 when this would have been a requirement.	<i>Open</i>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	Ensure staff are trained on necessary documentation requirements.			
<b>NDPERS Response/ Resolution</b>	Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response			
2024-27 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the documentation.  Documentation Issue 2) There were three sick leave service purchases in which the Final Purchase documentation was not generated or imaged to the member's file. These purchases were from 2011 and 2012 and the current process is for these letters to be automatically generated through a batch process so this should not be an issue in the future.	<i>Open</i>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This should no longer be an issue with current processes in place.			
<b>NDPERS Response/ Resolution</b>	Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response			
2024-28 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the documentation.  Documentation Issue 3) There were no Purchase Cost Information letters confirming the number of months and total cost of service requested to be purchased for a number of members.	<i>Open</i>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	A best practice would be to print and mail a Purchase Cost Information letter each time an official estimate is requested as a way to document the request.			
<b>NDPERS Response/ Resolution</b>	Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response			

Date FY- Issue #	<b>General Information</b>		<b>Status Open/ Closed</b>	<b>Staff (Category)</b>
2024-29 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	<p>Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the system Action Status indications.</p> <p>Action Status Issue 1) The action status for a couple of members was listed as Pending in the system when it was past the 90 purchase window and should be in a Void status. Some of these statuses have now been updated to Void and some have not. One member had already started receiving benefit payments prior to their purchase being marked as Void.</p> <p>During discussions with staff, it was noted that the system is programmed to change a purchase from Pending to Void 60 days after the 90 day purchase window has closed because there are times when a member may appeal and get appropriate approval to still move forward with the purchase.</p> <p>It was also noted that if staff had approved the purchases in error, the system would never change the action status to void.</p> <p>While Internal Audit recognizes that exceptions to the 90 day window may be approved, these approvals should be infrequent and do not support leaving all purchases open for an additional 60 days. Even with dual controls in place and although the risk would be low, not having a purchase in a Void status would leave the opportunity that a purchase would be incorrectly allowed to be acted on after the allotted 90 day window had expired.</p> <p>The amount of time that the system is scheduled to change a service purchase estimate to Void status should be reduced, preferably to less than 30 days. When there are instances that a staff member approves an estimate in error, the approval should be reversed so it cannot be incorrectly acted upon.</p> <p><b>Update 8/2023:</b> No response  <b>Update 11/2023:</b> No response  <b>Update 2/2024:</b> No response  <b>Update 5/2024:</b> No response  <b>Update 8/2024:</b> No response  <b>Update 11/2024:</b> No response</p>	<b>Open</b>	Rebecca (Benefits)
2024-30 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	<p>Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the system Action Status indications.</p> <p>Action Status Issue 2) A purchase was found in which the Action Status was listed as Paid in Full however, there was only one payment made on this purchase for \$1.91 but then backed out and no service credit given. It would appear the Action Status should be listed as Closed or Void in the system.</p> <p>The action status for this service purchase estimate should be updated.</p> <p><b>Update 8/2023:</b> No response  <b>Update 11/2023:</b> No response  <b>Update 2/2024:</b> No response  <b>Update 5/2024:</b> No response  <b>Update 8/2024:</b> No response  <b>Update 11/2024:</b> No response</p>	<b>Open</b>	Rebecca (Benefits)

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-31 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the actuarial factors.  Actuarial Factor Issue 1) The system pulled the actuarial factors to determine the benefit cost and the future employee cost from the Main Non-State spreadsheet when they should have been pulled from the Main State spreadsheet.	<i>Open</i>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This purchase should be reviewed to determine why the system used the incorrect actuarial table.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			
2024-32 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the actuarial factors.  Actuarial Factor Issue 2) The system pulled the actuarial factors to determine the benefit cost and the prefunding RHIC cost from the 2019 Main State spreadsheet, however the purchase estimate was completed on January 23, 2020 so the factors should have been pulled from the 2020 Main State tables.	<i>Open</i>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	This purchase should be reviewed to determine why the system used the incorrect actuarial table.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			
2024-33 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the actuarial factors.  Actuarial Factor Issue 3) Even though there is documentation to support updating the system to round the current age up at .5 and above and the retirement ages up at .26 and above in 2018 and later, it appears that the majority of the cost calculations prior to 2018 used this same methodology. There were a handful that rounded differently and we could not find a common thread to explain the exceptions. There were two purchase estimates that had discrepancies in the actuarial factors used but it did not appear to be a rounding issue and the cause could not be determined.	<i>Open</i>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	These purchases should be reviewed to determine why the incorrect rounding was used and if programming needs to be fixed.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-34 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	Internal Audit completed an audit on Service Purchases. During the audit, a number of issues were found with the actuarial factors.  Actuarial Factor Issue 4) The system was programmed to round the current age up at .5 and above and the retirement ages up at .26 and above in 2018 and later. There was a purchase from 2020 in which the earliest retirement age did not round up until .5 causing a discrepancy in the factors being used.  This purchase should be reviewed to determine why the incorrect rounding was used and if programming needs to be fixed.  Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response	Open	Rebecca (Benefits)
2024-35 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	Internal Audit completed an audit on Service Purchases. During the audit, an issues was found with the Rule of 85 / 90.  Rule of 85 / 90 Issue 1) Multiple service purchase estimates were found where the system used the incorrect Rule based on the member's hire date.  These purchase estimates should be reviewed to determine why the incorrect Rule is being applied when determining the Normal Retirement Age and the Earliest Retirement Age. A system fix should be put in place to correct any issues noted.  Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response	Open	Rebecca (Benefits)
2024-36 IA	<b>Issue Description</b>  <b>Auditor Recommendations</b>  <b>NDPERS Response/ Resolution</b>	Internal Audit completed an audit on Service Purchases. During the audit, an issues was found with the payment documentation.  Payment Documentation Issue 1) Payments for a purchase were not noted in the Payments section of the Service Purchase screen; however, there were a number of payments made that should have been noted in the service purchase screens. Also the transaction date of the first payment in the PCD is noted as February 17, 2012 which would be outside the 90 day timeframe of when the Cost Confirmation was prepared and sent out (10/27/2011) but there was no documentation on file to support approval of a late payment.  This purchase should be reviewed to determine why the payments were not noted in the service purchase screens. This purchase should be further reviewed to determine why the first payment was allowed to be made after the 90 day window.  Update 8/2023: No response Update 11/2023: No response Update 2/2024: No response Update 5/2024: No response Update 8/2024: No response Update 11/2024: No response	Open	Rebecca (Benefits)

Date FY- Issue #	<i>General Information</i>		Status Open/ Closed	Staff (Category)
2024-37 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, an issues was found with purchases of NDPERS staff.  NDPERS Staff Purchases Issue 1) While reviewing service purchases, it was discovered that ND PERS staff were not precluded from modifying or approving their own service purchases and that although multiple dual approval steps are in place, there were instances when a staff member was noted in the system as last modifying their own purchase.	<b>Open</b>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	System limitations should be implemented to preclude ND PERS staff from modifying or approving their own service purchase or any other information within PERSLink.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			
2024-38 IA	<b>Issue Description</b>	Internal Audit completed an audit on Service Purchases. During the audit, a couple of issues were found with purchases of previous NDPERS service.  Purchase of Previous NDPERS Service Issue 1) It appears that when members request to buy previous PERS service, the system either - does not calculation any amount for the refund plus interest comparison or - uses the previous refund amount but does not calculate the cost of interest from the time of the refund to the time of the service purchase estimate is being requested. - It was also discovered that when members request to buy previous PERS service, there is no consideration for the portion of the cost that would be attributable to the amount of service being requested to be purchased when that time is less than the full amount of the time that was previously refunded.	<b>Open</b>	Rebecca (Benefits)
<b>Auditor Recommendations</b>	The system should be reviewed to determine why there are some instances when no amount is calculated for the previous refund plus interest through the date of the service purchase estimate. The system should also be reviewed to determine why interest is not being added to the amount calculated for the previous refund through the date of the service purchase estimate. Additionally, it should be determined if it would be possible to include a calculation for the proportion of time requested to be purchased back when that request is for less than the full amount of time previously refunded.			
<b>NDPERS Response/ Resolution</b>	<b>Update 8/2023:</b> No response <b>Update 11/2023:</b> No response <b>Update 2/2024:</b> No response <b>Update 5/2024:</b> No response <b>Update 8/2024:</b> No response <b>Update 11/2024:</b> No response			



# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
Tyler Erickson  
Senator Dick Dever  
Nina Sand  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** **Audit Committee Charter Matrix Review 2024**

Per the Audit Committee charter, the Audit Committee is to “Confirm annually all responsibilities outlined in this charter have been carried out. Review and assess periodically the adequacy of the Committee charter, request Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.”

To meet this responsibility a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. Attached is a summary of the progress made and activities completed through October 2024 for your review.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

Audit Committee Charter Objective	Status	Scheduled Meeting			
<b>STRUCTURE</b>		May	Aug	Nov	Feb
1. The Committee will consist of two to five members with the majority of the members selected from the Board of Trustees, and one may be selected from outside the agency. The Board will appoint Committee members and the Committee chair.		X	X	X	
2. The Board should attempt to appoint Committee members who are knowledgeable and experienced in financial matters, including the review of financial statements.		X	X	X	
<b>MEETINGS</b>		May	Aug	Nov	Feb
3. The Committee will meet as often as it determines is appropriate, but not less frequently than quarterly.		X	X	X	
4. All Committee members are expected to attend each meeting, in person or via tele- or video- conference, with a majority of the Committee required for a quorum.		X	X	X	
5. If necessary, the Committee will hold individual meetings with management, the internal auditors or the external auditor.		N/A	N/A	X	
6. The Committee may invite any officer or employee of the agency, the external auditor, the agency's outside counsel, or others to attend meetings and provide pertinent information.	The Executive Director, Chief Operating Officer/Chief Financial Officer, Chief Benefits Officer and Attorney General representative are invited to each of the Audit Committee meetings.	X	X	X	
7. Meeting agendas will be prepared by the Chief Audit Officer (CAO) and provided in advance to members, along with appropriate briefing materials.		X	X	X	
8. Minutes will be kept by a member of the Committee or a person designated by the Committee.		X	X	X	
9. Members of the Committee will be compensated for attendance at Committee meetings in accordance with NDPERS' policy for compensation in effect at the time for Board members. Audit Committee members who are not NDPERS board members will be compensated at the same rate.	A memo is provided to Payroll Administrator following each meeting with required information.	X	X	X	
<b>AUTHORITY</b>		May	Aug	Nov	Feb
10. The Audit Committee is empowered to seek any information it requires from NDPERS employees, external auditors, consultants, and external parties. All parties are directed by the Board to cooperate with the Committee's requests.		X	X	X	

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

Audit Committee Charter Objective	Status	Scheduled Meeting			
11. The Audit Committee is empowered to oversee the work of all external auditors employed by the agency or by the state Auditor's Office.	Internal Audit is the primary contact for CLA.  UHY will present the Audit Kickoff presentation at the August 2024 Audit Committee meeting.  UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	X	X	X	
12. The Audit Committee is empowered to assist in resolving any disagreements between management and the external auditors.		N/A	N/A	N/A	
13. The Audit Committee is empowered to oversee the retention of independent counsel, accountants or others to advise or assist the Committee in the performance of its responsibilities.		N/A	N/A	N/A	
14. The Audit Committee is empowered to approve the consultants, or others requested by Internal Audit to assist in the conduct of an audit, review, and/or a special investigation.		N/A	N/A	N/A	
15. The Audit Committee is empowered to oversee the consultants, or others retained by or on behalf of the agency to assist in the conduct of an audit, review, and/or a special investigation		N/A	N/A	N/A	
16. The Audit Committee is empowered to meet with management, external and internal auditors, or outside counsel as necessary.	The Audit Committee meets quarterly. Internal Audit and management are present at these meetings.	X	X	X	



NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

RESPONSIBILITIES					
1) Financial Reporting:		May	Aug	Nov	Feb
a.	Obtain information and/or training to enhance the Committee members' expertise in financial reporting standards and processes so the Committee may adequately oversee financial reporting.	The CAO sends the quarterly Audit Committee Brief emails issued by Deloitte to assist in Audit Committee training.	N/A	X	X
b.	Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.	UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	N/A	N/A	X
c.	Review with management, the external auditors, and the internal auditors the results of the external audit, significant adjustments or revisions to the financial statements, including attestation on the effectiveness of the internal control structure and procedures for financial reporting and any difficulties encountered.	UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	N/A	N/A	X
d.	Inquire as to the external auditors' independent judgment about the appropriateness, not just the acceptability, of the accounting principles adopted by the agency and clarity of financial statements.	UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	N/A	N/A	X
e.	Review the annual financial statements, consider whether they are complete, consistent with information known to the Committee, and reflect appropriate accounting principles.	UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	N/A	N/A	X
f.	Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.	UHY will present the Audit Kickoff presentation at the August 2024 Audit Committee meeting.  UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	N/A	X	X
g.	Review the responsiveness and timeliness of management's actions to address findings and recommendations resulting from the financial statement audit or internal audits.	The Outstanding Audit Issues are reported to the Audit Committee quarterly.	X	X	X
h.	Review with the General Counsel the status of legal matters that may have an effect on the financial statements, as deemed appropriate.		N/A	N/A	N/A

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

2) Risk Management		May	Aug	Nov	Feb
a. Obtain information and/or training to enhance the Committee's understanding of the agency and its related risk management processes.	The CAO sends the quarterly Audit Committee Brief emails issued by Deloitte to assist in Audit Committee training.	N/A	X	X	
b. Review the adequacy of the agency's policy on risk management.		X	N/A	X	
c. Review the effectiveness of the agency's system for assessing, monitoring, and controlling significant risks or exposures.	Risk assessments are considered on an annual basis and risks are considered for changes in the agency or it's environment.  Risk Assessment updates are in process.	X	N/A	X	
d. Review management's reports on risks and related risk mitigations.	Identifying and reporting on risks are a part of each audit.	X	N/A	X	
e. Hire outside experts and consultants in risk management, as necessary.		N/A	N/A	N/A	
3) Internal Control					
a. Obtain information and/or training to enhance the Committee's understanding of the agency's system of internal control.		X	X	X	
b. Consider the effectiveness of the agency's internal controls, including information technology security and controls.	Internal audit includes a review of internal controls as part of each audit, consulting project, and/or special examination.	X	X	X	
c. Understand the scope of the external auditor's review of the agency's internal control over financial reporting.	UHY will present the Audit Kickoff presentation at the August 2024 Audit Committee meeting.  UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	N/A	X	X	
d. Review internal and external audit findings and recommendations, together with management's responses.	The Outstanding Audit Issues report is reviewed at each quarterly Audit Committee meeting.	X	X	X	
4) Internal Audit		May	Aug	Nov	Feb
a. Obtain information and/or training to enhance the Committee's understanding of the internal audit function.	The CAO sends the quarterly Audit Committee Brief emails issued by Deloitte to assist in Audit Committee training.	X	X	X	
b. Periodically review and approve the Internal Audit Division Charter.	The Audit Committee Charter and Internal Audit Charter edits were approved in June 2023.	X	X	X	
c. Concur in the appointment, replacement, or dismissal of the CAO.		X	X	X	
d. Review the performance of the CAO and the internal audit function annually.	The 2023 CAO annual performance evaluation was completed and will be reviewed and discussed at the May 2024 Audit Committee meeting.	X	X	X	

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

e. Review and confirm, through organizational structure and/or by other means, the independence of the internal audit function annually.	The CAO reports functionally to the Audit Committee and administratively to the Executive Director. Structure is in accordance with best practices.	X	X	X	
f. Review with management and the CAO the charter, objectives, plans, activities, and organizational structure of the internal audit function.	The Audit Committee Charter and Internal Audit Charter edits were approved in June 2023. The approved Internal Audit Plan is reviewed each quarter.	X	X	X	
g. Review and approve the risk-based Internal Audit annual plan.		X	X	X	
h. Review Internal Audit reports provided to the Committee.		X	X	X	
i. Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported audit findings and recommendations.	The Outstanding Audit Issues report is reviewed at each quarterly Audit Committee meeting.	X	X	X	
j. Bring to the attention of the Board any internal audit issues the Committee determines significant and appropriate for consideration by the Board.		N/A	N/A	N/A	
k. If necessary, meet separately with the CAO to discuss any matters the Committee or Internal Audit believes should be discussed privately (subject to open meeting laws).		N/A	N/A	N/A	
l. Designate the CAO as the primary point of contact for handling all matters related to audits, examinations, investigations or inquiries of the state auditor and other state or federal agencies.		X	X	X	
<b>5) Engagement of External Auditors</b>		<b>May</b>	<b>Aug</b>	<b>Nov</b>	<b>Feb</b>
a. Obtain information and/or training to enhance the Committee's understanding of the agency's financial statement audit and the role of external auditors.	The CAO sends the quarterly Audit Committee Brief emails issued by Deloitte to assist in Audit Committee training.	X	X	X	
b. Review the performance of the external financial statement audit firm, and review the State Auditor's recommendation for the final approval on the request for proposal for, and the appointment, retention or discharge of the audit firm.	An RFP has been issued by the State Auditor's Office.  UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	X	X	X	
c. Review the external auditor's audit scope and approach, including coordination of efforts with Internal Audit.	UHY will present the Audit Kickoff presentation at the August 2024 Audit Committee meeting. Internal Audit has been working with the External Auditors, UHY as they complete their fieldwork and testing.	N/A	X	X	
d. Review the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the agency for all audit and non-audit services.	UHY will present the Audit Kickoff presentation at the August 2024 Audit Committee meeting.	N/A	X	X	

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

e. As necessary, meet separately with the external financial statement audit firm to discuss any matters the Committee or auditors believe should be discussed privately (subject to open meeting laws).		N/A	N/A	N/A	
<b>6) Compliance</b>		<b>May</b>	<b>Aug</b>	<b>Nov</b>	<b>Feb</b>
a. Review the effectiveness of the agency's system for monitoring compliance with laws and regulations, contracts, and policies and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.	Compliance with laws and regulations are reviewed for each specific audit and during the annual risk assessments.	X	X	X	
b. Review the findings of any examinations by regulatory agencies, any auditor observations, and the responsiveness and timeliness of management's actions to address the findings or observations.		X	X	X	
c. Obtain updates from management and the agency's legal counsel regarding compliance matters, as needed.		X	X	X	
<b>7) Special Investigations and Whistleblower Process</b>		<b>May</b>	<b>Aug</b>	<b>Nov</b>	<b>Feb</b>
a. Review the adequacy of the agency's Code of Ethical Responsibilities		X	X	X	
b. Institute and oversee special investigations, as needed.	The CAO is the point of contact for any staff concerns of fraud or abuse.	X	X	X	
c. Ensure the creation and maintenance of an appropriate whistleblower mechanism for reporting any fraud, noncompliance, and/or inappropriate activities.		X	X	X	
d. Retain independent counsel, accountants, or other specialists to advise the Committee or assist in the conduct of an investigation if necessary.		N/A	N/A	N/A	
<b>8) Other Responsibilities</b>		<b>May</b>	<b>Aug</b>	<b>Nov</b>	<b>Feb</b>
a. Report at least annually to the Board of Trustees the Committee activities, audit findings, and related recommendations.	Copies of the Audit Committee minutes are provided to the board after the Audit Committee 's approval of the minutes.	X	X	X	
b. Confirm and sign off annually that all responsibilities outlined in this charter have been carried out. Review and assess periodically the adequacy of the Committee charter, request Board approval for proposed changes.	The Audit Committee Charter Matrix is reviewed and updated quarterly. The Charter was updated with at the June 2023 Board meeting.	X	X	X	
c. Evaluate the Committee's performance in conjunction with any Quality Assessments performed by Internal Audit and report the results of the evaluation to the Board annually.	Internal Audit is currently working on an Internal Quality Assessment.  No work was completed in this area over the previous quarter.	N/A	X	N/A	

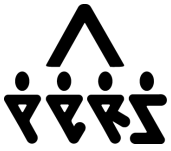
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Audit Committee Charter Review Matrix

For Year Ending December 31, 2024

11/20/2024

<p>d. Provide an open avenue of communication between the internal auditors, external auditors, management and the Board.</p>	<p>The external auditors work directly with Internal Audit and updates and reports are provided at each quarterly Audit Committee meeting when available An RFP has been issued by the State Auditors Office.</p>	<p>X</p>	<p>X</p>	<p>X</p>	
<p>e. Avoid conflicts of interest, paying strict attention to Board matters.</p>	<p>A Conflict of Interest Disclosure has been added as an agenda topic to all Audit Committee meetings.</p>	<p>X</p>	<p>X</p>	<p>X</p>	
<p>f. Perform other activities related to this Charter as requested by the Board.</p>		<p>X</p>	<p>X</p>	<p>X</p>	



# Memorandum

**TO:**            Audit Committee  
                  Joe Morrissette  
                  Adam Miller  
                  Tyler Erickson  
                  Senator Dick Dever  
                  Nina Sand  
                  Rebecca Fricke  
                  Derrick Hohbein  
                  Dean DePountis  
                  Shannon Ennen

**FROM:**        Shawna Piatz

**DATE:**        November 25, 2024

**SUBJECT:**    **Internal Audit Charter Matrix Review 2024**

Attached is the 2024 Internal Audit Charter Activity matrix. Included is a summary of the progress made and activities completed through October 2024 for your review. This is for your information.

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Internal Audit Charter Review Matrix  
For the Year Ending December 31, 2024

11/20/2024

Internal Audit Charter Objective	Status Update	Work Completed			
		May	Aug	Nov	Feb
<b>RESPONSIBILITIES AND ACCOUNTABILITY</b>					
1. Select, train, develop and retain a competent internal audit staff that collectively has the abilities, knowledge, skills, experience, expertise and professional certifications necessary to accomplish the mission, objectives and scope of this Charter. Provide opportunity and support for staff obtaining professional training, professional examinations, and professional certifications.	The current Internal Audit department consists of the Chief Audit Officer and one Internal Auditor.  CAO attended the APPFA Spring Conference in April 2024.	X	X	X	
2. Establish policies for conducting its activities and directing its technical and administrative functions according to the agency's policies and direction provided by the Audit Committee, and professional standards.	To date, there have been no policy revisions however these will be reviewed for necessary updates during the Quality Assessment review.	X	X	X	
3. Coordinate the completion of an annual risk assessment and produce a flexible audit plan that will accomplish the mission, objectives and scope of this Charter. This plan will include some unassigned hours in order to provide flexibility for changing conditions. This plan shall in part be based upon risks and control concerns identified by Management in the completed annual risk assessments. This plan will be periodically updated as necessary.	To be completed in October 2024.  Risk Assessment updates are in process.	N/A	N/A	X	
4. Prepare a time budget that is complementary to the implementation of the audit plan.	A time budget in conjunction with the approved Audit Plan is reported to the Audit Committee quarterly.	X	X	X	
5. Implement the annual audit plan, as approved, including, any plan amendments, special tasks or projects requested by Management and the Audit Committee. Audits will include an evaluation of the adequacy and effectiveness of existing systems of internal control and the efficiency and effectiveness of carrying out business objectives.	Updates to the approved 2024 – 2025 Audit Plan are provided quarterly to the Audit Committee.	X	X	X	
6. Coordinate with audit clients to finalize recommendations for improvement and identify implementation timelines. Internal audit staff shall consider costs and benefits while formulating and discussing their recommendations.	Internal Audit works with staff and management to complete outstanding and new audit recommendations. Outstanding Audit Recommendations are provided to the Audit Committee quarterly.	X	X	X	
7. Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.		X	X	X	
8. Establish and maintain a system to follow up on and monitor the results of management's corrective actions to ensure they have been implemented effectively or that management has accepted the risk of not taking action.	The Outstanding Audit Recommendations report is updated by management and reviewed at each quarterly Audit Committee meeting.	X	X	X	
9. Issue periodic reports to the Audit Committee and Management summarizing results of audit activities, and summarizing the status of follow-up activities.	An Internal Audit Plan Status report is updated and reviewed at each quarterly Audit Committee meeting.	X	X	X	

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Internal Audit Charter Review Matrix  
For the Year Ending December 31, 2024

11/20/2024

Internal Audit Charter Objective	Status Update	Work Completed			
10. Provide periodic summaries of consulting and advisory activities to the Audit Committee.	A Quarterly Internal Audit Plan Status report is updated and reviewed at each quarterly Audit Committee meeting.	X	X	X	
11. Attend all Audit Committee meetings, and ensure attendance of additional staff and attendance by auditees as appropriate.	Quarterly meetings are scheduled, held, and attended by all appropriate personnel and the Audit Committee.	X	X	X	
12. Establish and maintain a Quality Assurance and Improvement Program and obtain an external quality assessment through either a full-scope external quality assessment or a self-assessment with independent validation by a qualified independent assessor or assessment team from outside the agency as required by professional standards, no less frequently than every five (5) years as mandated by the IIA's <i>International Standards for the Professional Practice of Internal Auditing</i> .	Internal Audit will be focusing on this Objective over the next year.  No work was completed in this area over the previous quarter.	X	X	N/A	
13. Inform the Audit Committee of emerging trends and successful practices in internal auditing.	CAO provides copies of the quarterly Audit Committee Brief email distributed by Deloitte to Committee members.	X	X	X	
14. Assist in the investigation of significant suspected fraudulent activities within the agency and notify the Audit Committee, the Executive Director and Management, as appropriate, of the results.	There have been none to date in 2024.	X	X	X	
15. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the agency at a reasonable overall cost.	Internal Audit is the point of contact for the external auditors and reviews and provides comments on any RFPs that are issued for the selection of an external audit firm. An RFP has been issued by the State Auditor Office.  Working with External Auditors, UHY as they complete their fieldwork and testing.  UHY will present the preliminary results of the FY 2024 Audit and the November Audit Committee meeting.	X	X	X	
16. Review annually the quality of the annual financial report and suggest improvements in the presentation and disclosures.	Internal Audit reviews the financial reports when issued.	N/A	N/A	X	
17. Report to the Audit Committee on all activities and associated costs of work performed by the external financial statement auditors.	An RFP has been issued by the State Auditor Office. A report of the Consulting, Investment and Administrative fees paid during the prior 12 months is reviewed and provided to the Audit Committee at each meeting.	X	X	X	
18. Consult with the agency's Management, as requested, on potential policy and procedure changes.	Working with management on HB 1040 Implementation.	X	X	X	



NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Internal Audit Charter Review Matrix  
For the Year Ending December 31, 2024

11/20/2024

Internal Audit Charter Objective	Status Update	Work Completed			
19. Participate, in an advisory capacity, in the planning, design, development, and implementation and modification phases of major information systems.	The CAO attends the Change Control meetings and continues to work with management on system issues that need to be addressed and prioritized.	X	X	X	
20. Participate in professional audit organizations and other professional organizations related to the mission of the agency by attending meetings, joining the governing boards, presenting speeches and papers, and networking with other professionals.	The CAO renews organizational memberships as they become due and attends luncheons and webinars when available.	X	X	X	
21. Act as the primary point of contact for handling all matter related to audits, examinations, investigations or inquiries of the State Auditor or other state or federal auditors.		X	X	X	
22. Review the agency's Fraud or Misconduct policy and Code of Ethical Responsibility policy periodically.	Will review and sign the agency's Code of Ethical Responsibilities Policy as part of the annual performance review process. The NDPERS Policy Manual contains a Fraud or Misconduct policy which Internal Audit also reviews periodically.	X	X	X	
<b>STANDARDS OF AUDIT PRACTICE</b>					
<p>Follow the applicable professional standards and guidance of relevant professional organizations including, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Institute of Internal Auditors (IIA) <ul style="list-style-type: none"> <li>○ International Professional Practices Framework</li> <li>○ Code of Ethics</li> </ul> </li> <li>• American Institute of Certified Public Accountants (AICPA) <ul style="list-style-type: none"> <li>○ Professional Standards</li> <li>○ Code of Professional Conduct</li> </ul> </li> <li>• General Accounting Office (GAO) <ul style="list-style-type: none"> <li>○ Generally Accepted Government Auditing Standards (GAGAS)</li> </ul> </li> <li>• The Association of Certified Fraud Examiners (ACFE)</li> <li>• Other Professional agencies and standards, as applicable</li> </ul>		X	X	X	



# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
Tyler Erickson  
Senator Dick Dever  
Nina Sand  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** FAS Review Policy Update

In September, 2020 the Board approved the current FAS Review Policy, which gives staff direction on 1) when benefits should be recalculated, 2) when wages should be reviewed and adjusted, and 3) secondary payee account review procedures. The policy also addresses when a review by audit is required.

A red-lined version of the updates that are being requested to this policy is attached for your review and consideration. Once approved, this will be reported to the Board at the next meeting for their approval.

Attachment

**Committee Action Requested:**

- Review and approve the updated policy.

**Policy for Using Manual Benefit Recalculation Spreadsheet for account adjustments\* - effective xx9/xx08/20240**

- Required if audit finding requires account recalculation and adjustment for a member that received a **pop-up benefit after initial retirement** ~~Or~~ if an error was found through a random audit that requires adjustment to J&S and/or pop-up Single Life benefit amount. The system cannot recalculate benefit amount for member back to initial retirement effective date or pop-up date so benefit must be manually calculated. ~~Audit will secondarily review.~~
- Required if member's retirement effective date is prior to October 1, 2010. The system cannot recalculate benefit amount requiring **pre-PERSLink information**. ~~Audit will secondarily review.~~
- Required when underpayment of benefits (due to missing underpayment or random audit) occurs and **simple interest is due** to member. The system does not calculate simple interest owed to member as this is based upon NDAC 71-02-04-11. ~~Audit will verify and sign off correct interest amount to be paid member.~~
- Required when account adjustment for member is due to **audit finding**. MOU must be used to recover overpayment and if simple interest must be applied to underpayment. ~~Internal audit will secondarily review adjusting entry to ensure amount being collected or paid is accurate.~~
- Required if change in YOS or reported contributions requires **retirement effective date change** and payee account is cancelled to setup a new payee account. ~~Audit will secondarily review.~~
- Not required if member (and beneficiary) effective date of benefits began on or after October 1, 2010. With YOS or FAS change, PERSLink should be able to recalculate overpayment amount or underpayment amount when no interest is due.

*\*After correction or recalculation is made, Internal Audit will review more complex calculations and adjusting entries at their discretion to confirm accuracy.*

**FAS Review Procedures effective – 9x/8xx/20240**

1. Only salaries within the FAS (highest 36) that have a positive variance of 15% or more from the preceding month (positive or negative) are sent to the employer for review. Exceptions: salary spikes for employees that have a consistent non-monthly payroll cycle variance (i.e. biweekly/semi-monthly payroll cycles) will not need to be verified.
2. If salaries in the FAS require adjustments, the high 36 salaries initially questioned must be compared to the adjusted salaries. Secondary review of FAS is required to verify if additional salaries (not previously included in FAS) are now included in the FAS and have a positive variance of 15% or more.
3. Based upon employer response:
  - a. **If response is only to salaries in question**, any required adjustments will be sent to accounting to correct ineligible wages.  
*Example: 5 of 36 salaries in FAS were questioned and employer responded to these 5 salaries questioned. Counselor-BDS sends salary adjustments to accounting for correction, if needed.*
  - b. **If response speaks to salaries outside of salaries questioned**, all 36 salaries in the FAS calculation will be sent to employer for review of ineligible wages.  
*Example: 5 of 36 salaries in FAS were questioned and employer responded stating that OT was reported for other months. Counselor-BDS sends all 36 salaries in FAS to the employer for review and accounting will correct, if needed.*
4. Benefits division will provide the salary adjustment details for the specific months questioned in the following format to the accounting division:

Year	Month	Wages & Salary	Correct Wages	Adjustment	Comment
2017	2	\$3,000.00	\$2,886.00	(\$114.00)	OT, bonus to annualize, retro pay time frame, etc

5. Salary adjustments will be processed by accounting. After the adjustment, accounting staff will note the transaction in the payroll detail comments section will initial and date corrections made to member account and add required documentation to FileNet and the wage verification worksheet will be saved to

the member file. The employer will receive a refund of contributions for any removal of wages they submit and will be billed for any additional wages they are adding, plus interest.

6. **If wages outside of the FAS for an employee in question require adjustment or if other employees require adjustments:**

- a. If the error is something that is reasonably expected to be caught in our normal FAS or years of service review processes performed by the benefits division, the employer has the option to self-correct historical wages for all of its members through ESS and receive a refund of contributions, if applicable. The employer is required to correct the error in wage reporting prospectively.

*Example: Employer indicates that OT was reported for the last 10 years, employer has the option to self-correct historical wages for all of its members, as NDPERS is only adjusting the wages in question that directly affect a specific member's retirement benefit calculation, and will be required to correct their reporting prospectively.*

- b. If the error is something that is not reasonably expected to be caught in our normal processes, this requires additional follow up from PERS staff. Accounting will be notified of the situation and will have a query run for all active and deferred employees under the organization. Accounting will work with the employer to correct all wages that are identified with the problem and have either an active or suspended retirement plan in the system. The employer is required to correct the error in wage reporting prospectively.

*Example: Employer indicates that wages have always been annualized. Because we look for salary spikes when someone retires, annualization of wages wouldn't be caught under our normal circumstances. PERS Staff will work to correct all active and deferred accounts that were associated with this organization and who have a similar error in reporting. The employer will be required to correct the error in wage reporting prospectively.*

## **Secondary Payee Account Review Procedures effective 9x/8xx/20240**

### **Disability to Normal**

- FAS for disability benefit will not be reviewed at time retiree is converted to Normal Retirement (meets age 65 or "Rule"). Expectation is ~~that~~ because Disability FAS was verified at time of initial retirement.
- At conversion, if Normal Retirement benefit is larger, YOS will be reviewed to verify accuracy of new calculation based upon YOS.
- Verify effective date of Normal Retirement
- If Term certain benefit is elected and upon member death, Term Certain end date and Remaining MG will be reviewed for accuracy.

### **Return to Work**

- Initial benefit for retirement will not be reviewed
- Nov 1, 2017 – March 31, 2018 - At time retiree applies for subsequent retirement, FAS and YOS will be reviewed for secondary benefit. If adjustments to FAS or YOS for subsequent retirement also affect the initial retirement benefit, both amounts will be corrected.
- Effective April 1, 2018 –NDAC for RTW was amended at this time and only YOS and FAS earned during the RTW period will be reviewed. RTW retirement will be added to the initial retirement benefit to calculate the updated retirement benefit.
- If Term certain benefit is elected and upon member death, Term Certain end date and Remaining MG will be reviewed for accuracy.

### **Pop-ups**

- Wages and YOS for initial benefit will not be reviewed at the time a retirees' spouse passes away and retiree has a pop-up to the Single Life option. Expectation is ~~that~~ because this was verified at time of initial retirement.
- Verify pop-up is at the Single Life amount, including any early retirement or other reduction factors applicable at member's retirement and benefit factor increases that have occurred since the member's retirement.

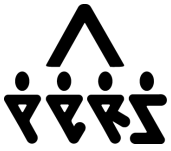
- Verify death certificate is on file.
- Verify effective date of benefit eligibility.
- Verify updated beneficiary request has been sent if Remaining Minimum Guarantee remain.

#### **J & S Survivor Benefits**

- Wages and YOS for the initial benefit will not be reviewed at the time a retiree passes away and the existing benefit passes to the spouse. Expectation is ~~that because~~ this was verified at the time of the initial retirement.
- Verify death certificate indicates member was married and lists surviving spouse's name (maiden name), if applicable.
- Verify surviving spouse's birth certificate is on file and accurate for the setup of the new stream of benefit payments.
- Verify beneficiary information.
- Verify effective date of benefit eligibility.
- Verify J&S benefit and factors to calculate spousal benefit.

#### **Term Certain Benefits**

- Wages and YOS for initial benefit will not be reviewed at time payee passes away and the existing benefit passes to beneficiary. Expectation is ~~that because~~ this was verified at the time of the initial retirement.
- Upon member death, verify the amount due to beneficiary, the Remaining Minimum Guarantee and the Term Certain End Date, if the payee dies before the term period expires or if there is any original minimum guarantee remaining.
- Upon member death, verify updated beneficiary request has been sent to beneficiary.



# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
Adam Miller  
Tyler Erickson  
Senator Dick Dever  
Nina Sand  
Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

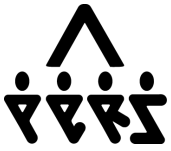
**SUBJECT:** Report on Consultant Fees

According to the Audit Committee Charter, the Audit Committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.”

Attached is a summary of the consulting, investment and administrative fees paid as of October 31, 2024. This is for your information.

**North Dakota Public Employees Retirement System  
Consulting/Investment/Administrative Fees  
As of March 31, 2024**

Program/Project		Fee Type	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Total
<b><u>Actuary/Consulting Fees:</u></b>							
<b>Insurance Plans:</b>							
Deloitte	Insurance Legislative Analysis	Time Charges	\$ -	\$ -	\$ -	42,525	\$ 42,525
Deloitte	Health & Part D Claims Projections	Time Charges	\$ -	\$ -	\$ -	110,000	\$ 110,000
Deloitte	Insurance Consulting	Time Charges	\$ 1,300	\$ 975	\$ -	14,254	\$ 16,529
Buck Consulting	Life/Dental/Vision RFP	Fixed Fee	\$ 10,000	\$ 10,000	\$ 15,000	5,000	\$ 40,000
<b>Deferred Compensation/Defined Contribution:</b>							
Callan & Associates	Asset Allocation & Liability Study	Fixed Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Callan & Associates	Investment Consultant Expenses	Fixed Fee	\$ 12,824	\$ 12,824	\$ 13,208	13,208	\$ 52,063
Callan & Associates	Record Keeper Search	Fixed Fee	\$ -	\$ -	\$ -	49,440	\$ 49,440
<b>Defined Benefit:</b>							
Gabriel Roeder Smith & Company	Retirement Actuarial Valuation	Fixed Fee	\$ 76,000	\$ -	\$ -	12,500	\$ 88,500
Gabriel Roeder Smith & Company	GASB 67/68 (Retirement) Valuation	Fixed Fee	\$ 27,000	\$ 19,000	\$ -	\$ -	\$ 46,000
Gabriel Roeder Smith & Company	Actuarial Factor Updates for 1040	Fixed Fee	\$ 900	\$ 5,600	\$ -	\$ -	\$ 6,500
Gabriel Roeder Smith & Company	Retirement Legislation	Time Charges	\$ 3,588	\$ 16,000	\$ 6,363	22,838	\$ 48,788
Gabriel Roeder Smith & Company	Retirement Consulting/Actuarial Analysis	Time Charges	\$ 3,515	\$ 28,215	\$ 18,283	10,093	\$ 60,105
Mid Dakota Clinic	Retirement Disability Consultant	Time charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RHIC:</b>							
Gabriel Roeder Smith & Company	RHIC Actuarial Valuation	Fixed Fee	\$ 13,400	\$ -	\$ -	2,000	\$ 15,400
Gabriel Roeder Smith & Company	GASB 74/75 (RHIC) Valuation	Fixed Fee	\$ 2,000	\$ 6,750	\$ -	\$ -	\$ 8,750
Gabriel Roeder Smith & Company	RHIC	Time Charges	\$ -	\$ -	\$ -	\$ -	\$ -
<b>All Plans:</b>							
Nexus	IT Consulting	Per Hour Fee	\$ -	\$ -	\$ -	\$ -	\$ -
OSG	Microfiche Conversion	Per Document Fee	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>Audit Fees:</u></b>							
Clifton Larson Allen	Annual Audit Fee	Fixed Fee	\$ 26,250	\$ 24,348	\$ -	\$ -	\$ 50,598
State Auditor's Office	PBM Audit	Time charges	\$ -	\$ -	\$ -	\$ -	\$ -
UHY	Annual Audit Fee	Fixed Fee	\$ -	\$ -	\$ -	16,300	\$ 16,300
<b><u>Legal Fees:</u></b>							
ND Attorney General	Legal Fees on All Plans	Time charges	\$ 20,211	\$ 22,095	\$ 12,690	18,188	\$ 73,185
Ice Miller - Federal Tax Consultant	Legal Fees on All Plans	Time charges	\$ 6,185	\$ 5,625	\$ 50,148	26,003	\$ 87,961
Klausner, Kaufman, Jensen & Levinson	Litigation vs Legislature	Per Hour Fee	\$ 34,505	\$ -	\$ -	\$ -	\$ 34,505
Klausner, Kaufman, Jensen & Levinson	Litigation vs Legislature	Travel & Misc Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Elsberry & Shively Inc	Litigation vs Legislature	Per Hour Fee	\$ 5,856	\$ -	\$ -	\$ -	\$ 5,856
<b><u>Investment Fees:</u></b>							
SIB - Investment Fees	Retirement (DB)	% Allocation	\$ 6,835,161	\$ 2,066,772	\$ 1,172,872	1,931,375	\$ 12,006,180
SIB - Investment Fees	Ret Health Credit	% Allocation	\$ 764,816	\$ 9,670	\$ 5,929	44,278	\$ 824,693
SIB - Investment Fees	Insurance	% Allocation	\$ 98,682	\$ 18,288	\$ 8,737	18,972	\$ 144,679
SIB - Investment Fees	Job Service	% Allocation	\$ 428,409	\$ 66,979	\$ 2,770	2,387	\$ 500,545
SIB - Administrative Fees	Retirement (DB)	% Allocation	\$ 211,099	\$ 224,724	\$ 158,108	343,863	\$ 937,794
<b><u>Administrative Fee:</u></b>							
Sanford Health Plan	Health Plan	Fixed fee	\$ 3,781,717	\$ 3,796,154	\$ 12,691	3,818,061	\$ 11,408,623
			<b>\$ 12,363,417</b>	<b>\$ 6,334,019</b>	<b>\$ 1,476,799</b>	<b>\$ 6,501,284</b>	<b>\$ 26,675,518</b>



# Memorandum

**TO:** Audit Committee  
Joe Morrissette  
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Rebecca Fricke  
Derrick Hohbein  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** **Travel Expenditures**

The Executive Director attended an out of state conference during the period August 1, 2024 through October 31, 2024. There were no expenses but a summary is included in the attached report. This is for your information.







# Memorandum

**TO:** Audit Committee  
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Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** 2025 Meeting Dates

Every year at this time a schedule of meetings for the next year is proposed and approved by the Audit Committee. The Audit Committee meetings are currently scheduled to be the afternoon prior to the board meetings at 3 pm, typically the second Monday of every third month. The meeting dates for 2025 were approved by the Board in November and contain adjustments for legislative session. Following are the proposed Audit Committee meeting dates for 2025, based on the approved Board meeting schedule.

- Thursday, February 6 (Board is February 7<sup>th</sup> at 2 PM)
- Monday, May 12 (Board is May 13<sup>th</sup> at 8:30 AM)
- Monday, August 18 (Board is August 19<sup>th</sup> at 8:30 AM)
- Monday, November 10 (Board is November 12<sup>th</sup> at 8:30 AM)  
\*office closed November 11 for Veteran's Day

Once approved, the dates will be posted with the Secretary of State and meeting notices will be sent out. Thank you.

**Committee Action Requested:**

- Review and approve the proposed audit committee meeting dates for 2025.



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Shannon Ennen

**FROM:** Shawna Piatz

**DATE:** November 25, 2024

**SUBJECT:** CPE, Training and Webinars

The training and education, including continuing professional education (CPE) webinars and seminars attended August 1, 2024 October 31, 2024 are provided below. The Chief Audit Officer obtains the required CPE to keep current with Certified Public Accountant, Certified Internal Auditor and Certified Employee Benefit Specialist professional certifications each year. This is for your information.

<b>Webinars, Trainings and Seminars</b>	<b>Date</b>	<b>Organization</b>	<b>Staff</b>
Cyber Security	8/16/2024	ND IT	Shawna
Cyber Security	8/13/2024	ND IT	Shannon
All Staff HB 1040	8/22/2024	NDPERS	Shannon
All Staff HB 1040	8/22/2024	NDPERS	Shawna
Cyber Security	10/18/2024	ND IT	Shannon
Cyber Security	10/25/2024	ND IT	Shawna
Annual CPA Convention (16 CPE)	8/13/2024	ND CPA Society	Shawna
Sustainability Data Management	9/19/2024	Deloitte	Shawna