



**North Dakota
Public Employees Retirement System**

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

Rebecca Fricke

Executive Director

(701) 328-3900

1-800-803-7377

Fax (701) 328-3920

Email ndpers-info@nd.gov

Website www.ndpers.nd.gov

MEMORANDUM

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

FROM: Shawna Piatz, Chief Audit Officer

DATE: Monday February 12, 2024

SUBJECT: **February 12, 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

The meeting was called to order at 3:00 p.m. by Mr. Morrissette

I. Conflict of Interest Disclosure

- A. Per direction from the Attorney General's Office this will need to be on the agenda every meeting for the Board and its Subcommittees to consider any conflict of interest disclosures concerning any of the agenda topics. No conflicts of interest were disclosed.

II. Approval of prior Audit Committee Minutes

- A. The Audit Committee minutes from the prior Audit Committee meetings held on November 13, 2023 were examined. Mr. Miller moved approval of the minutes. The motion was seconded by Mr. Erickson. This was followed and approved by voice vote.



III. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – Information was provided of the past quarter's activity and the 2022-2023 Audit Plan update was provided.
- 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.

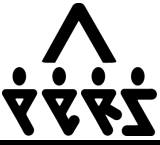
As of January 1, 2024, 310 of the 726 new retirees or \$1,129,708 of the \$2,481,214 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 96.77% for FY 2024. The fiscal year-to-date compliance/other accuracy rate is 97.1% resulting in an overall accuracy rate of 93.87% for FY 2024.

As of January 1, 2024, 94 of the 1,367 or \$2,619,032 of the \$11,630,529 total gross refunds issued for FY 2024 were audited. The fiscal year-to-date internal calculation accuracy rate is 92.55% for FY 2024. The fiscal year-to-date compliance/other accuracy rate is 95.74% resulting in an overall accuracy rate of 88.3% for FY 2024.

- C. Sanford Interest Calculation Report – Information was provided to the Audit Committee which summarized the audit completed on the Sanford Health Plan 2019 – 2021 Final Settlement. The purpose of this audit was to verify the accuracy of the information contained in the Interest Calculation Report (ICR) and the Final Settlement Statement for the contract period July 1, 2019 through June 30, 2021, which includes an Initial Settlement period for the financial runout period through June 30, 2022 and a Final Settlement period for the financial runout period ending June 30, 2023.
- D. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. The dollar amount and the number of errors has increased slightly over the last quarter. There were 10 adjustments that were new this quarter and 29 previously reported adjustments remain outstanding. The new adjustments were due to the untimely notification of changes in membership status or information, system programming errors and processing errors.
- E. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of January, 2024. There were four existing recommendation with no change and fifteen new recommendations added to this report. Staff continue to be proactive about addressing recommendations as they are made.

IV. Administrative

- A. Annual Comprehensive Financial Report (ACFR) - The 2023 Annual Comprehensive Financial Report (ACFR) has been completed. The report contains detailed financial, investment, actuarial, and statistical information for the



plans administered by NDPERS. Per the Audit Committee Charter, it is the responsibility of the Audit Committee to “Review the annual financial statements, consider whether they are complete, consistent with information known to the Committee, and reflect appropriate accounting principles.”

- B. 2024 Audit Plan - The Audit Plan is updated each biennium with a review and update provided every year. Internal Audit coordinated the completion of the annual risk assessment updates for 2023, reviewed the results and used the information to draft the attached proposed Audit Plan for calendar years 2023 - 2024. A summary of the results of the risk assessments with a comparison to the previous year’s results was provided for review. Senator Dick Dever moved approval of the 2024 Audit plan. The motion was seconded by Mr. Erickson. This was followed and approved by voice vote.
- C. Audit Committee Charter Matrix Review 2023 - 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. Provided was a summary of the progress made and activities completed through January 2024 for review as well as a copy of the Audit Committee Charter for signatures.
- D. Internal Audit Charter Matrix – In order to confirm all responsibilities outlined in the Audit Committee Charter are carried out annually, a matrix was developed to review each objective quarterly and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress and activities completed through November 2023.
- E. 2023 CAO Annual Performance Evaluation - ND PERS has started the process of completing annual performance reviews. Ms. Piatz will be completing the self-evaluation portion of the evaluation and sending to the Executive Director for her scores, as has been done in previous years. Once complete, a copy of the evaluation with those scores will be provided to each Committee member for their scores and comments. Reviews need to be completed and returned to Rebecca Fricke prior to the next Audit Committee meeting in May at which time the final results will be presented for final review and approval.
- F. 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.” Provided was a summary of the consulting, investment and administrative fees paid during the prior fiscal year ended December 2023
- G. Meeting Dates – The Audit Committee reviewed and discussed the proposed November 2024 Meeting Date. Mr. Erickson moved approval of the date. The



**North Dakota
Public Employees Retirement System**

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

Rebecca Fricke

Executive Director

(701) 328-3900

1-800-803-7377

Fax (701) 328-3920

Email ndpers-info@nd.gov

Website www.ndpers.nd.gov

motion was seconded by Senator Dever. This was followed and approved by voice vote.

- H. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Board and/or Executive Director for the period November 1, 2023 through January 31, 2024. This was provided for the Audit Committee’s information.

- I. 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 November 1, 2023 through January 31, 2024 was provided to the committee for their review.

The meeting adjourned at 4:43 p.m. by Mr. Morrissette.