



**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
Joe Morrisette
Adam Miller
Senator Dick Dever
Tyler Erickson
Nina Sand
Rebecca Fricke
Derrick Hohbein
Mary Kae Kelsch
Shannon Ennen
Jason Ostroski (UHY)

FROM: Shawna Piatz, Chief Audit Officer

DATE: Monday November 25, 2024

SUBJECT: **November 25, 2024 Audit Committee Meeting**

In Attendance:

Joe Morrisette
Senator Dick Dever
Adam Miller
Tyler Erickson
Nina Sand
Mary Kae Kelsch
Shawna Piatz
Shannon Ennen
Rebecca Fricke
Derrick Hohbein
Jason Ostroski (CPA UHY)

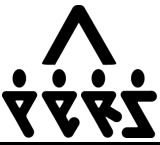
The meeting was called to order at 1:00 p.m. by Mr. Morrisette

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 August 19, 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. A. UHY FY 2024 Audit Report – Jason Ostroski, CPA from UHY, provided information for the NDPERS FY 2024 financial audit. The FY 2024 Preliminary Audit Results, Required Communications and GASB 68 and 75 Schedule Audit Updates were reviewed. NDPERS received an unmodified ‘clean’ opinion that the financial statements are presented fairly, in all material respects, in conformity with US Generally Accepted Accounting Principles (GAAP).

IV. Internal Audit Reports

- B. Quarterly Audit Plan Status Report – Information was provided on the past quarter’s activity August 1, 2024 through October 31, 2024 and progress made on the 2024-2025 Audit Plan. Internal Audit spent 47.98% of their time on audit activities and 18.50% on consulting services. The remaining 33.52% of their time was spent on administrative items.
- C. Sanford 2021 -2023 Interest Calculation Report - Internal Audit 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 was provided and reviewed by the Committee.
- D. 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 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.

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.

- E. 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 decreased over the last quarter, largely due to the increased effort in resolving any outstanding issues.



- E. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of October 31, 2024. There were 28 existing recommendations and 12 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 October 31, 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 October 31, 2024.
- C. 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 Internal Audit is required. The updates to this policy that were being requested were reviewed and discussed. A motion was made by Mr. Miller to accept and propose to the full Board the attached policy with changes recommended by Mr. Morrisette and discussed by the Committee. This motion was seconded by Senator Dever. This was followed by roll call vote and approved.
- 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 October 31, 2024 was provided and reviewed by the Committee.
- E. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Executive Director for the period August 1, 2024 through October 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. 2025 Meeting Dates - The Audit Committee reviewed and discussed the proposed 2025 Committee Meeting Dates. Adjustments were made to the typical schedule to accommodate the 2025 legislative session and the external audit presentation of the



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draft FY 2025 audit report in November 2025. The dates proposed were February 6, 2025, May 12, 2025, August 18, 2025 and November 24, 2025. Mr. Miller moved approval of these dates. The motion was seconded by Mr. Erickson. This was followed and approved by voice vote.

- G. 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 August 1, 2024 through October 31, 2024 was provided to the committee for their review.

The meeting adjourned at 2:18 p.m. by Mr. Morrissette.