

**North Dakota  
Public Employees Retirement System**

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

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**MEMORANDUM**

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

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

**DATE:** August 16, 2021

**SUBJECT:** **August 16, 2021 Audit Committee Meeting**

In Attendance:

Mona Rindy  
Julie Dahle  
Adam Miller  
Dirk Wilke  
Dean DePountis  
Senator Dick Dever  
Shawna Piatz  
Scott Miller  
Derrick Hohbein  
Rebecca Fricke  
Sarah Marsh

The meeting was called to order at 3:03 p.m. by Ms. Rindy. The committee began the meeting with approving the prior Audit Committee minutes.

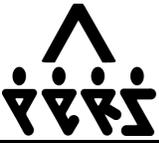
**I. May 10, 2021 Audit Committee Minutes**

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

**II. Internal Audit Reports**

A. Quarterly Audit Plan Status Report – A summary of the Internal Audit staff time spent for the past quarter was included with the Audit Committee materials. Of the total hours reported, 57.56% was spent in audit, 13.47% in consulting, and 28.97% in administrative hours. A large portion of the audit hours were spent on auditing the retirement program. The months during this past quarter are typically the highest months for new retirements at PERS and Internal Audit continues to

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Dental & Vision	Law Enforcement	Retiree Health Insurance Credit (RHIC)
	Public Safety	Employee Assistance Program (EAP)
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	Job Service	
	Highway Patrol	



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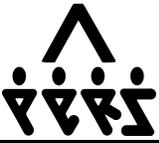
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perform a more thorough compliance review of the retirement accounts. The consulting hours were largely attributable to Internal Audit’s assistance with the SOC review committee, the external audit, 401(a)(17) annual compensation limit procedures review, review of policies related to bonus spreads where there are leave of absences and missed deposits and various reviews and reconciliations for the Benefits and Accounting divisions. Internal Audit continued to work on the Deferred Compensation Audit this quarter.

A status update was provided on the 2020 – 2021 Audit Plan for each area of review. Along with the work done in the Retirement Benefit and Refund Payments audit, Internal Audit continued to work on the Deferred Compensation audit, the Sanford Interest Calculation Report Audit and assisted with numerous consulting projects.

- B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedure, system, compliance, or employer issues. An accuracy rate of 98.33% was achieved fiscal YTD as of August 2021 for new retirement benefit payments, which was above the 97% goal. 100% J&S and Single Life benefits continue to be the largest new retiree benefit categories. An accuracy rate of 100% was achieved fiscal YTD as of August 2021 for retirement refunds, which is above our 97% goal. However, a limited number of retirement refunds were audited and a portion of the sample was focused on those refunds in which a known system issue may have occurred.
- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. These adjustments are considered errors, not adjustments made in the normal course of business. The dollar amount slightly increased however the number of errors did show a decline from the prior quarter. Over half of the errors from this previous quarter were due to the timing of PERS being notified about a member’s change in status, such as death or returning to work, which affects their right to receive a monthly benefit.
- D. Outstanding Issues Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and to the Audit Committee, the status of the audit recommendations of the external auditors, as well as any found by the Internal Auditor. The report has been updated to reflect what has been accomplished May 1, 2021 through July 31, 2021. Staff reviewed one new recommendation with the committee. One item was closed from the prior quarter. Staff have been proactive about addressing recommendations as they are made in which case they would not be included on this report.

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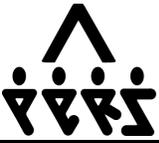
**III. Administrative**

- A. Audit Committee Member Appointment – Per the Audit Committee Charter, “The audit committee will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. With Senator Mathern transitioning off the NDPERS Board, Senator Dick Dever was nominated and accepted the open Audit Committee position.
- B. Audit Committee Meeting Date & Time – The next Audit Committee meeting is scheduled for Monday, November 8, 2021 at 3:00 p.m. There are a couple Audit Committee members who may have a conflict with this date and there possibly is a legislative meeting that may conflict as well. The committee decided to wait to see when the NDPERS Board will meet during November before they decide if this date should be changed. Discussion was held regarding the format of this meeting and it was decided that the meeting would be held face to face in the future but, continue to have a virtual option for those would prefer not to attend in person.
- C. External Audit Updates – CliftonLarsonAllen has completed preliminary field work with the assistance of internal audit due to the remote work environment. NDPERS staff are currently compiling the required information for the final fieldwork request. Vendor confirmations and employer census data requests have been sent out and employer contribution confirmations will be sent out soon. This was provided to the Audit Committee for their information.

**IV. Miscellaneous**

- A. Travel Expenditures – There were no out-of-state travel expenditures incurred by the Executive Director or Board for the period May 1, 2021 through July 31, 2021. This was provided for the Audit Committee’s information.
- B. Risk Management Report – Updates were presented to the Audit Committee related to the Loss Control Committee activities. The Audit Committee was provided the minutes from the Loss Control Committee’s April 7, 2021 meeting and the agenda for the June 22, 2021 meeting. The Loss Control Committee reviewed a number of action items for the previous quarter including an update on the distribution of agency laptops, FileNet and disaster recovery training, outstanding audit recommendations, quarterly office inspections that had been conducted and agency incident reports.
- C. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should “Periodically review a report of all costs 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.” A copy of the report showing the consulting, investment and administrative fees paid during the quarter ended June 2021 was provided for the Audit Committee's information.

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- D. CPEs and Webinars – A report on the continuing professional education webinars, luncheon meetings and seminars Internal Audit participated in for the period May 1, 2021 through July 31, 2021 was provided to the committee. The Chief Audit Executive attended an IIA webinar and an IIA virtual conference.

Meeting adjourned at 3:38 p.m, by Ms. Rindy.

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