

**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:** February 7, 2022

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

In Attendance:

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

The meeting was called to order at 3:01 p.m. by Ms. Rindy. The committee began the meeting with approving the prior Audit Committee minutes.

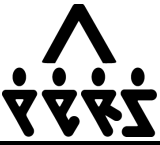
**I. November 16, 2021 Audit Committee Minutes**

A. The Audit Committee minutes were examined. Senator Dever moved approval of the minutes. The motion was seconded by Ms. Rindy. 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 along with a status update on each area of the 2020 – 2021 Audit Plan was included with the Audit Committee materials. Of the total hours reported, 56.87% was spent in audit, 10.19% in consulting, and 32.94% in administrative hours. The audit hours were largely spent on the monthly retirement program audit, the Sanford Interest Calculation Report Audit, and the Service Purchases Audit. The consulting hours were attributable to Internal Audit's

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Dental & Vision	Law Enforcement	Retiree Health Insurance Credit (RHIC)
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	Job Service	
	Highway Patrol	



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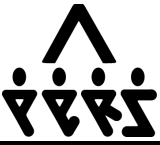
assistance with the external audit, annual risk assessment reviews, proposed FAS assistance, and various reviews and reconciliations for the Benefits and Accounting divisions.

- B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the new monthly retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedure, system, compliance, or employer issues. Fiscal year to date, a total of 273 new retirees out of the 622 were audited, which equates to \$1,031,266.79 of \$2,435,900.86 being audited. An accuracy rate of 99.27% was achieved fiscal YTD as of January 2022 for new retirement benefit payments, which is above the 97% goal. Fiscal year to date, a total of 41 of the 1,134 refunds issued were audited, which equates to \$1,901,215.98 of \$9,581,518.58. An accuracy rate of 95.12% was achieved fiscal YTD as of January 2022 for retirement refunds, which fell below the 97% accuracy rate goal. A limited number of retirement refunds were audited and a portion of the sample continues to be focused on those refunds in which a known system issue is likely to have occurred.
- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. The dollar amount and the number of errors did show a slight increase; however, a majority of the errors remain from previously reported adjustments and clean up of outstanding payments and collections. Five adjustments were new this quarter, seven adjustments were paid or written off and 12 previously reported adjustments remain outstanding.
- D. Outstanding Issues Status Report –The Outstanding Issues Status report has been updated to reflect all new issues and what has been accomplished November 1, 2021 through January 31, 2022. There were five existing recommendations where progress has been made and no new recommendations added to this report. Two items were 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.

**III. Administrative**

- A. Audit Committee Charter Matrix – In order to confirm all responsibilities outlined in the Audit Committee charter are carried out annually, a matrix was developed to review each objective and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussion took place as to ways to enhance the matrix and it was decided that dates would be added and a status report provided quarterly so that the Audit Committee could monitor their progress continually throughout the year. Mr. Wilke moved approval of the matrix. The motion was seconded by Ms. Dahle. This was followed and approved by voice vote.

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- B. Internal Audit Charter Matrix – A copy of the Internal Audit Charter matrix including a summary of the activities completed through December 31, 2021 was provided to the Audit Committee for their review and information. Discussion took place around obtaining a peer review as required by professional standards. The Audit Committee directed the CAO to look into the cost and timeframe to complete and requested an update at the next Audit Committee meeting.
- C. CAO Annual Performance Evaluation – The Audit Committee has completed the CAO’s Annual Performance Evaluation; however they want to review this again at the next Audit Committee meeting once the rest of the staff evaluations have been completed, so it has been tabled until May.
- D. Audit Committee Meeting Dates & Times – The next Audit Committee meeting is scheduled for Monday, May 16, 2022 at 3:00 p.m.

**IV. Miscellaneous**

- A. Travel Expenditures – There were no out-of-state travel expenditures incurred by the Executive Director or Board for the period November 1, 2021 through January 31, 2022. 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 September 28, 2021 meeting. The Loss Control Committee reviewed a number of action items for the previous quarter including HIPAA Privacy/Security, AED training, the Disaster Recovery Plan and the Quarterly Audit Report.
- 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 December 2021 was provided for the Audit Committee's information.
- D. CPEs and Webinars – A report on the continuing professional education webinars, luncheon meetings and seminars Internal Audit participated in for the period November 1, 2021 through January 31, 2022 was provided to the committee. The Chief Audit Executive attended four webinars and one lunch and learn meeting.

The meeting adjourned at 4:18 p.m, by Ms. Rindy.

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