

**North Dakota
Public Employees Retirement System**

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

Scott Miller
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
Mona Rindy
Adam Miller
Julie Dahle
Dirk Wilke
Senator Dick Dever

FROM: Shawna Piatz, Chief Audit Officer

DATE: May 16, 2022

SUBJECT: **May 16, 2022 Audit Committee Meeting**

In Attendance:

Mona Rindy
Adam Miller
Dirk Wilke
Julie Dahle
Shawna Piatz
Scott Miller
Derrick Hohbein
Rebecca Fricke

The meeting was called to order at 3:00 p.m. by Ms. Rindy. The committee began the meeting with approving the prior Audit Committee minutes.

I. February 7, 2022 Audit Committee Minutes

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

III. Administrative

C. Audit Plan 2022 – 2023 – This item was discussed first. Internal Audit coordinates the agency risk assessments each October and uses the results to determine the high-risk areas and establish audit priorities for the upcoming biennium. The Chief Audit Officer provided the 2022 – 2023 Internal Audit Plan to the Audit Committee for review and approval. Ms. Dahle moved approval of the 2022 – 2023 Audit Plan. The motion was seconded by Mr. Miller. This was followed and approved by voice vote.

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Flexible Spending Account (FlexComp)
Dental & Vision	Law Enforcement	Retiree Health Insurance Credit (RHIC)
	Public Safety	Employee Assistance Program (EAP)
	Judges	
	Job Service	
	Highway Patrol	



**North Dakota
Public Employees Retirement System**

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

Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920

Email ndpers-info@nd.gov

Website www.ndpers.nd.gov

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 2022 – 2023 Audit Plan was included with the Audit Committee materials. Of the total hours reported, 54.23% was spent in audit, 7.14% in consulting, and 38.63% in administrative hours. The audit hours were 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 assistance with the proposed final average salary calculations, Job Service deferred benefit calculations, 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 423 new retirees out of the 894 were audited, which equates to \$1,718,805.66 of \$3,714,240.45 being audited. An accuracy rate of 95.04% was achieved fiscal YTD as of May 2022 for new retirement benefit payments, which is below the 97% goal. Fiscal year to date, a total of 67 of the 1,788 refunds issued were audited, which equates to \$2,833,257.72 of \$15,614,981.74. An accuracy rate of 91.04% was achieved fiscal YTD as of April 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 an increase in both the number and amount of errors. There were 22 adjustments that were new this quarter and 15 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 February 1, 2022 through April 30, 2022. There were two existing recommendations where progress has been made and two new recommendations added to this report. 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.

III. Administrative Cont.

- 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

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Judges
Dental & Vision	Law Enforcement	Job Service
	Public Safety	Highway Patrol
		Flexible Spending Account (FlexComp)
		Retiree Health Insurance Credit (RHIC)
		Employee Assistance Program (EAP)



**North Dakota
Public Employees Retirement System**

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

Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920

Email ndpers-info@nd.gov

Website www.ndpers.nd.gov

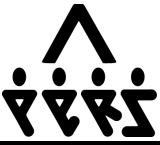
to review each objective and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress made over the past quarter.

- B. Internal Audit Charter Matrix – A copy of the Internal Audit Charter matrix with progress made over the previous quarter was provided to the Audit Committee for their review and information. Continued discussion took place around obtaining a quality assessment as required by professional standards. The Chief Audit Officer is in the process of reaching out to other local internal audit departments and the IIA to gauge interest and obtain quotes on completing the external assessment part of the quality assessment. The CAO is starting work on the internal assessment to start this process and will continue to look into the cost and timeframe to complete the full assessment. Updates will be provided at future Audit Committee meetings.
- D. CAO Annual Performance Evaluation – The Audit Committee has completed the CAO’s Annual Performance Evaluation. The evaluation was reviewed and discussed. Mr. Miller made a motion to approve the Chief Audit Officer’s evaluation with an overall rating to fall within the range of 3.65 to 3.75, rounding up if necessary. The motion was seconded by Ms. Dahle, followed by voice vote and approved.
- E. Audit Committee Meeting Dates & Times – The next Audit Committee meeting is scheduled for Monday, August 15, 2022 at 3:00 p.m. It will be held both in person and with an option for virtual attendance.

IV. Miscellaneous

- A. Travel Expenditures – A summary of out-of-state travel expenditures incurred by the Executive Director for the period February 1, 2022 through April 30, 2022 was provided for the Audit Committee’s information. There were no out of state travel expenditures for the Board during that time.
- B. Risk Management Report – Updates were presented to the Audit Committee related to the Loss Control Committee activities over the past quarter. The Audit Committee was provided the minutes from the Loss Control Committee’s December 17, 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. The Audit Committee agreed that risk management reports could be presented annually in the future unless there is a significant issue that needs to be reported sooner.
- C. Report on Consultant Fees – A copy of the Report on Consultant Fees from showing the consulting, investment and administrative fees paid during the quarter ended March 2022 was provided for the Audit Committee's information. The requirement to provide this report was removed from the Audit Committee Charter in 2014 and the Audit Committee agreed that this report no longer needed to be provided in the future since it is presented quarterly to the NDPERS Board.

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Judges
Dental & Vision	Law Enforcement	Job Service
	Public Safety	Highway Patrol
		Flexible Spending Account (FlexComp)
		Retiree Health Insurance Credit (RHIC)
		Employee Assistance Program (EAP)



**North Dakota
Public Employees Retirement System**

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

Scott Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920

Email ndpers-info@nd.gov

Website www.ndpers.nd.gov

- D. CPEs and Webinars – A report on the continuing professional education webinars, luncheon meetings and seminars Internal Audit participated in for the period February 1, 2022 through April 30, 2022 was provided to the committee. Multiple outside CPE webinars were attended by the CAO and internal audit staff.

- E. Publications – An article from the Wall Street Journal entitled Board Practices Reflect Long-Term Pandemic Effects was provided to the audit committee for their information.

The meeting adjourned at 4:06 p.m, by Ms. Rindy.

Group Insurance

Health & Life
Dental & Vision

Retirement Plans

Public Employees
Law Enforcement
Public Safety
Judges
Job Service
Highway Patrol

Other Programs

Flexible Spending Account (FlexComp)
Retiree Health Insurance Credit (RHIC)
Employee Assistance Program (EAP)