



**North Dakota
Public Employees Retirement System**

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

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Executive Director
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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: November 16, 2021

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

In Attendance:

Mona Rindy
Adam Miller
Dirk Wilke
Senator Dick Dever
Shawna Piatz
Scott Miller
Derrick Hohbein
Rebecca Fricke
Sarah Marsh
Jason Ostroski (CLA)

The meeting was called to order at 3:04 p.m. by Ms. Rindy. The committee began the meeting with approving the prior Audit Committee minutes.

I. Presentations

A. CliftonLarsonAllen External Audit Presentation - Jason Ostroski from CliftonLarsonAllen (CLA) presented the preliminary audit report to the Audit Committee. No items of significance were noted and CLA expects to issue an unmodified opinion for FY 2021 financials. CLA will attend the December Board meeting to present the final report.

II. August 16, 2021 Audit Committee Minutes

A. The Audit Committee minutes were examined. Senator Dever moved approval of the minutes. The motion was seconded by Mr. Wilke. 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	



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III. 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, 50.82% was spent in audit, 23.49% in consulting, and 25.69% in administrative hours. The audit hours were spent on the monthly retirement program audit, the Sanford Interest Calculation Report audit and the deferred compensation plan audit. The consulting hours were attributable to Internal Audit’s assistance with the external audit, Internal Revenue Code sections 401(a)(17) and 415 annual limits, policies related to bonus spreads where there are leave of absences and missed deposits, an employer historical payroll adjustment issue, microfiche project, 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 216 new retirees out of the 498 were audited, which equates to \$824,388.84 of the \$1,984,192.95. An accuracy rate of 99.07% was achieved fiscal YTD as of November 2022 for new retirement benefit payments, which is above the 97% goal. Fiscal year to date, a total of 28 retirement refunds of the 809 were audited, which equates to \$1,135,689.65 of the \$6,794,762.21. An accuracy rate of 100% was achieved fiscal YTD as of November 2022 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. The dollar amount slightly increased however the number of errors did show a decline from the prior quarter with only four adjustments being new in the previous quarter and the remainder being updates on previously reported adjustments, most of which have now been completed.

- 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 open 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 August 1, 2021 through October 31, 2021. There was one existing recommendation and 6 new recommendations added to this report. Staff reviewed the new recommendations with the committee, which primarily were related to the Deferred Compensation audit completed by Internal Audit. 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.

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- E. Deferred Compensation Audit – Internal Audit has completed the audit of the Deferred Compensation program. Internal Audit reviewed the final audit report, including the scope, audit procedures, recommendations and management’s responses to the recommendations with the Audit Committee.

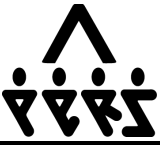
IV. Administrative

- A. Audit Committee Meeting Dates & Times – The Audit Committee reviewed the 2022 Audit Committee meeting dates. The next meeting is scheduled for Monday, February 7, 2022 at 3:00 p.m. The following are the additional proposed Audit Committee meeting dates: May 16, 2022; August 15, 2022; and November 7, 2022. Senator Dever moved approval of the proposed Audit Committee meeting dates and times. The motion was seconded by Mr. Wilke. This was followed and approved by voice vote.
- B. External Audit Updates – CliftonLarsonAllen has completed most of the field work with the assistance of internal audit due to the remote work environment. NDPERS staff worked to provide supporting documentation for all items needed, as CLA was not able to obtain remote network access. Jason Ostroski from CLA presented the preliminary audit report to the Audit Committee at the beginning of the meeting and will attend the December Board meeting to present the final report.

V. Miscellaneous

- A. Travel Expenditures – The out-of-state travel expenditures incurred by the Executive Director for the period August 1, 2021 through October 31, 2021 were provided for the committee’s review. No out of state travel expenses were incurred by the board for the period August 1, 2021 through October 31, 2021.
- 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 June 22, 2021 meeting and the agenda for the September 28, 2021 meeting. The Loss Control Committee reviewed a number of action items for the previous quarter including that disaster recovery testing has been completed for 2021, AED training was held for office staff, and incident reports from the previous quarter were reviewed.
- 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 September 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 August 1, 2021 through October 31, 2021 was provided to the committee. The Chief Audit Executive attended an APPFA Summer Series.

The meeting adjourned at 4:19 p.m, by Ms. Rindy.

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Dental & Vision

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