



**North Dakota
Public Employees Retirement System**

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MEMORANDUM

TO: Audit Committee
Adam Miller
Senator Dick Dever
Tyler Erickson
Nina Sand
Rebecca Fricke
Derrick Hohbein
Mary Kae Kelsch
Shannon Ennen

FROM: Shawna Piatz, Chief Audit Officer

DATE: Thursday February 6, 2025

SUBJECT: February 6, 2025 Audit Committee Meeting

In Attendance:
Senator Dick Dever
Adam Miller
Tyler Erickson
Nina Sand
Shawna Piatz
Shannon Ennen

The meeting was called to order at 3:02 p.m. by Mr. Erickson

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 November 25, 2024 were examined. Mr. Miller moved approval of the minutes. The motion was seconded by Mr. Erickson This was followed and approved by voice vote.

III. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – Information was provided on the past quarter's activity November 1, 2024 through January 31, 2025 and progress made on the 2024-2025 Audit Plan. Internal Audit spent 28.26% of their time on audit activities and 26.97% on consulting services. The remaining 44.77% of their time was spent on administrative items which included coordinating the Risk Assessment reviews and working on the HB 1040 Special Election window.



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- B. 2024 Risk Assessment Summary and Audit Plan Report - The Audit Plan is updated each biennium with an update provided every year. The Audit Plan for calendar years 2024 – 2025 was presented to and approved by the Audit Committee in February 2024. Internal Audit coordinated the completion of the annual risk assessment updates with management over the previous quarter, reviewed the results and does not believe any updates are needed to the approved Audit Plan that is in effect until December 31, 2025. Incorporating the new plan Tiers created by HB 1040 will be included in the on-going new retiree audit.

The 2025 Risk Assessment Summary and 2024 - 2025 Audit Plan were reviewed. Mr. Erickson moved approval of the confirmation that the 2024-2025 Audit Plan to remain unchanged. The motion was seconded by Mr. Miller. This was followed and approved by voice vote.

- C. 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 February 1, 2025, 248 of the 750 new retirees or \$1,044,442.73 of the \$2,805,389.30 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 98.39% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 96.77% resulting in an overall accuracy rate of 95.16% for FY 2025.

As of February 1, 2025, 123 of the 1,415 or \$3,908,873.91 of the \$14,147,723.90 total gross refunds issued for FY 2025 were audited. The fiscal year-to-date internal calculation accuracy rate is 96.75% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 100% resulting in an overall accuracy rate of 96.75% for FY 2025.

- D. 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 and there 13 new issues that were reviewed and discussed.
- E. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of January 31, 2025. There were 31 existing recommendations and 4 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



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may be required by law or regulation.”

To meet this responsibility a matrix was developed to review against current activities to ensure that the audit committee is meeting its responsibilities. A summary of the progress made and activities completed through January 2025 was reviewed. The Audit Committee Charter was distributed for signatures to confirm that all responsibilities outlined in the charter have been carried out. Each Audit Committee Member needs to sign the document and return it to the CAO.

- 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 Internal Audit is meeting its responsibilities. The matrix was reviewed and discussed for progress and activities completed through January 31, 2025.
- C. 2024 CAO Annual Performance Review – The CAO Annual Performance evaluation, including the CAO’s self-evaluation and scores by the Executive Director, was provided to each Audit Committee member. Each member will need to complete and return the evaluation to the Executive Director before the next Audit Committee meeting. Next quarter the Audit Committee will vote on final evaluation scores.
- 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 January 31, 2025 was provided and reviewed by the Committee.
- E. Travel Expenditures – The Audit Committee reviews the out-of-state travel expenditures incurred by the Executive Director or Board each quarter. There were no out-of-state travel expenditures for the Executive Director or the Board for the period November 1, 2024 through January 31, 2025.
- F. 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 November 1, 2024 through January 31, 2025 was provided to the committee for their review. There were no training, webinars or seminars to report during this time.

The meeting adjourned at 4:15 p.m. by Mr. Erickson.