



**North Dakota
Public Employees Retirement System**

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MEMORANDUM

TO: Audit Committee
Tyler Erickson
Adam Miller
Senator Dick Dever
Nina Sand
Bryan Klipfel
Rebecca Fricke
Derrick Hohbein
Kirsten Tuntland
Shannon Ennen

FROM: Shawna Piatz, Chief Audit Officer

DATE: Monday May 11, 2025

SUBJECT: **May 11, 2025 Audit Committee Meeting**

In Attendance:
Tyler Erickson
Senator Dick Dever
Adam Miller

Nina Sand
Derrick Hohbein
Rebecca Fricke
Kirsten Tuntland
Shawna Piatz
Shannon Ennen
Kim Haug - Sanford

The meeting was called to order at 3:00 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 February 6, 2025 were examined. Nina Sand moved approval of the minutes. The motion was seconded by Senator Dick Dever. This was followed and approved by voice vote.

III. Internal Audit Reports



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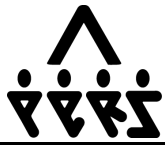
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- A. 2024 Sanford Health Plan Claims Audit – Each year, NDPERS performs a review of a sample of medical and pharmacy claims from the Sanford health plan and the Humana Medicare Part-D prescription drug plan. A sample of 132 claims from 2024 were selected for review. Internal Audit met virtually in April with Sanford and Humana staff to review the selections. There were seven observations which were discussed in more detail in an attached report. This information was provided to the Audit Committee.
- B. Quarterly Audit Plan Status Report – Information was provided on the past quarter's activity from February 1, 2024 through April 30, 2025 and progress made on the 2024-2025 Audit Plan. Internal Audit spent 38.99% of their time on audit activities and 31.77% on consulting services. The remaining 29.23% of their time was spent on administrative items. Time spent on consulting activities was higher due to time spent coordinating the Risk Assessment reviews and working on the HB 1040 Special Election window.
- 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 April 1, 2025, 297 of the 915 new retirees or \$1,332,568.55 of the \$3,550,565.42 total gross benefits issued have been audited. The fiscal year-to-date internal calculation accuracy rate is 98.65% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 96.63% resulting in an overall accuracy rate of 95.29% for FY 2025.
- As of April 1, 2025, 151 of the 1,779 or \$4,904,512.88 of the \$18,445,656.52 total gross refunds issued for FY 2025 were audited. The fiscal year-to-date internal calculation accuracy rate is 97.35% for FY 2025. The fiscal year-to-date compliance/other accuracy rate is 99.34% resulting in an overall accuracy rate of 96.69% 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 increased over the last quarter. There were 37 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 April 30, 2025. Updates were provided on the 33 existing recommendations and 5 new recommendations were added to the 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,



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request Board approval for proposed changes, and ensure appropriate disclosure as 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 April 2025 was reviewed.

- 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 April 30, 2025.
- C. 2024 CAO Annual Performance Review – The 2024 CAO Annual Performance evaluation, including the CAO’s self-evaluation and scores by the Executive Director, and each of the Audit Committee members who chose to respond, has been completed and was attached for review, discussion, and approval.

Nina Sand moved for the score on Section 2. Goals to be rounded to the nearest whole number, 4. The motion was seconded by Senator Dick Dever. This was followed and approved by voice vote.

Nina Sand moved for the score on Section 5. Competency 1: Customer Service to be rounded to the nearest whole number, 4. The motion was seconded by Senator Dick Dever. This was followed and approved by voice vote.

Mr. Erickson moved approval CAO Performance Review with the previously made changes. The motion was seconded by Senator Dick Dever. This was followed and approved by voice vote.

- 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 March 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. The out-of-state travel expenditures for the Executive Director during the period February 1, 2024 through April 30, 2025 was provided and reviewed by the Committee. There was no out of state travel for the Board.
- 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 February 1, 2024 through April 30, 2025 was provided to the committee for their review.

The meeting adjourned at 3:52 p.m. by Mr. Erickson.