



**North Dakota  
Public Employees Retirement System**

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## **MEMORANDUM**

**TO:** Audit Committee  
Adam Miller  
Tyler Erickson  
Nina Sand  
Derrick Hohbein  
Rebecca Fricke  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz, Chief Audit Officer

**DATE:** Monday November 13, 2023

**SUBJECT:** **November 13, 2023 Audit Committee Meeting**

In Attendance:

Adam Miller  
Tyler Erickson  
Nina Sand  
Dean DePountis  
Shawna Piatz  
Shannon Ennen  
Scott Miller  
Rebecca Fricke  
Derrick Hohbein  
Brittany Smith (CliftonLarsonAllen)

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

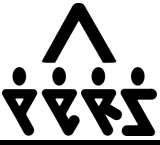
### **I. Conflict of Interest Disclosure**

- A. Per direction from the Attorney General's Office this will need to be on the agenda every meeting for the Board and its Subcommittees to consider any conflict of interest disclosures concerning any of the agenda topics. No conflicts of interest were disclosed.

### **II. Approval of prior Audit Committee Minutes**

- A. The Audit Committee minutes from the prior Audit Committee meetings held on May 8, 2023 and August 14, 2023 were examined. Ms. Sand moved approval of the minutes. The motion was seconded by Mr. Erickson. This was followed and approved by voice vote.

### **III. Presentations**



- A. CliftonLarsonAllen Report – CliftonLarsonAllen (CLA) has completed most of their field work for the NDPERS FY 2023 financial audit with no material issues noted. Brittany Smith from CLA presented the preliminary results. The final results will be provided to the Board at the December meeting.

#### IV. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – Information was provided of the past quarter's activity and the 2022-2023 Audit Plan update was provided.
- 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 procedural, system or compliance issues.

In fiscal year 2023, a total of 604 out of 1,052 new retirees were audited, which equates to \$2,726,999 of \$4,564,350 being audited. An internal calculation accuracy rate of 87.09% was achieved for FY 2023 for new retirement benefit payments, which is below the 97% goal. The FY 2023 compliance/other accuracy rate is 94.7% resulting in an overall accuracy rate of 81.79% for FY 2023.

In fiscal year 2024, to date, a total of 259 out of 569 new retirees were audited, which equates to \$863,850 of \$1,884,333 being audited. An internal calculation accuracy rate of 97.68% was achieved fiscal year to date as of November 2023 for new retirement benefit payments, which is above the 97% goal. The fiscal year to date compliance/other accuracy rate is 96.91% resulting in an overall accuracy rate of 94.59% year to date for fiscal year 2024.

In fiscal year 2023, a total of 129 of the 2,145 refunds issued were audited, which equates to \$5,163,905 of \$19,133,055. An internal calculation accuracy rate of 91.47% was achieved for FY 2023 retirement refunds. This falls below the 97% accuracy rate goal. The FY 2023 compliance/other accuracy rate is 98.45% resulting in an overall accuracy rate of 89.92% for FY 2023. 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.

In fiscal year 2024, to date a total of 68 of the 976 refunds issued were audited, which equates to \$2,097,519 of the \$8,592,113. An internal calculation accuracy rate of 91.18% was achieved fiscal year to date as of November 2023 for retirement refunds. This falls below the 97% accuracy rate goal. The fiscal year to date compliance/other accuracy rate is 94.12% resulting in an overall accuracy rate of 85.29% for FY 2024. 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 has increased slightly over the last quarter. There were 16 adjustments that were



new this quarter and 22 previously reported adjustments remain outstanding. The new adjustments were due to the untimely notification of changes in membership status or information, system programming errors and processing errors.

- D. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of October 31, 2023. There were four existing recommendation with no change and fifteen new recommendations added to this report. Staff continue to be proactive about addressing recommendations as they are made. Any recommendations made in the previous quarter that have already been addressed would not be included in this report.

#### **IV. Administrative**

- A. Meeting Dates – The Audit Committee reviewed and discussed the proposed 2024 Meeting Dates. Mr. Erickson moved approval of the dates. The motion was seconded by Ms. Sand. This was followed and approved by voice vote.
- B. 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 quarterly and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress and activities completed through November 2023.
- C. Internal Audit Charter Matrix – A summary matrix of the progress made and activities completed by the Internal Audit division through November 2023 was presented to the Audit Committee for review.

#### **V. Miscellaneous**

- A. 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.”

Provided was a summary of the consulting, investment and administrative fees paid during the prior fiscal year ended September 2023.

- B. Travel Expenditures – The Audit Committee reviewed the out-of-state travel expenditures incurred by the Board and/or Executive Director for the period August 1, 2023 through October 31, 2023. This was provided for the Audit Committee’s information.
- C. 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 August 1, 2023 through October 31, 2023 was provided to the committee for their review.

The meeting adjourned at 4:32 p.m. by Mr. Miller.