

MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: August 19, 2011

SUBJECT: **February 23, 2011 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Sharon Schiermeister

The meeting was called to order at 10:08 a.m.

I. November 17, 2010 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Quarterly Report

- A. Quarterly Audit Plan Status Report –There is no report provided this time as there were no changes to report. Staff is spending the bulk of their time working with the PERSLink project team assisting with projects they need help with. Since October 4, staff has continued to support staff with various projects that are considered high priority.
- B. Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. A report was not provided this time as there is no change from the previous meeting.
- C. Internal Audit Report for 2010 – Included in the audit committee minutes was a copy of the annual Internal Audit Report for 2010 for your review. The final copy will be signed by Mr. Strinden and Ms. Kinsella. This copy will be available to anyone who would like to have a copy.

- D. Audit Committee Charter Activity Review – The audit committee charter states that it will “17. Confirm annually that all responsibilities outlined in this charter have been carried out. Report annually to the Board, members, retirees and beneficiaries, describing the committee’s composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.” To meet this requirement a matrix was developed to review against current practices to ensure that the audit committee is meeting its responsibilities. Included with the audit committee materials was a copy of this matrix for review. Ms. Schiermeister brought attention to a change on page 9. This change will be made prior to sending it to the Board for their information.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting will be rescheduled for the first part of June due to scheduling conflicts.
- B. Confidential Meeting Between Internal Audit and Audit Committee – The meeting between the audit committee and the internal audit division took place.

IV. Miscellaneous

- A. Legislative Updates – Included with the audit committee materials were copies of what has been provided to the NDPERS Board. Mr. Collins provided an update to the bills affecting NDPERS.
- B. Travel Expenditures – There were no travel expenditures of the Board and Executive Director for out-of-state travel through January 31, 2011.
- C. Risk Management Report – At a previous audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time it was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Included with the audit committee materials was a copy of the approved meeting minutes from the September 9, 2010 meeting and the agenda for the December 8, 2010 meeting.
- D. PERSLink Quarterly Report – Ms. Schiermeister provided an overview of PERSLink past, present and future activities.
- E. 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.” Staff was unable to give a report since the accounting staff did not provide a report to the Board at the end of the last quarter due to the time involved with implementation of the new PERSLink system.
- F. Continuing Professional Education – Ms. Kinsella indicated last November she

attended a seminar sponsored by the local chapter of Institute of Internal Auditors, Central NoDak Chapter. This seminar was titled: Fraud: The Psychology Behind Unethical Behavior and White Collar Criminals, and provided 13 hours of continuing education credits.

The meeting adjourned at 11:08 a.m.