M E M O R A N D U M

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: January 8, 2013

SUBJECT: **November 21, 2012 Audit Committee Meeting**

In Attendance:
Jon Strinden
Rebecca Dorwart,
Arvy Smith
Jamie Kinsella
Sparb Collins
Sharon Schiermeister
Robyn Goven
John Mongeon

The meeting was called to order at 9:05 a.m.

I. August 29, 2012 Audit Committee Minutes

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

II. Internal Audit Reports

A. Quarterly Audit Plan Status Report – A summary of the past quarter audit staff time was included with the audit committee materials. In addition to time worked on projects, researched "Remainder Refunds" for the Business Analyst to determine if balances remaining in member's accounts were still due to the members and assisted accounting with Group Insurance Aging Accounts Receivable Reconciliation.

B. 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 copy of the report was included with the audit committee materials.

C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. The forms have been combined into one report and sorted by PERSLink IDs, so if a member had multiple forms they will be together.

This report has 12 retirement and 2 health adjustments.

D. Internal Audit Plan 2012-2013 Update – A year ago an audit plan was developed for the 2012-2013 calendar year. An update on the progress of the plan was given to the audit committee.

III. Administrative

A. Audit Committee Meeting Date & Time – Ms. Kinsella proposed a schedule of the audit committee meetings to take place during the next year. The board approved the dates and times for the 2013 audit committee meetings. The next audit committee meeting is scheduled for February 20, 2013 at 10:00 a.m.

B. Internal Auditor II Position – Jennifer Feigitsch started on September 4th and her last day was October 25, 2012. At the time Ms. Feigitsch applied with NDPERS she did not know that the State Auditor's Office was looking for auditors. When she learned of the openings she applied and was offered a position. NDPERS was sad to see Ms. Feigitsch leave.

NDPERS advertised for a replacement for two weeks and received 11 applications for the position. As of November 8th, after the screening process was finished, Ms. Kinsella was told the applicant pool is looking promising. Interviews were conducted the previous week and an offer is pending.

IV. Miscellaneous

A. Brady Martz & Associates Presentation FY 2012 Audit Report – John Mongeon and Robyn Goven were at the meeting to present the 2012 audit report. An electronic copy of the draft report was sent to the board on November 16, 2012 via e-mail.

B. Travel Expenditures Update – Attached was a report incurred by the Board and/or Executive Director for out of state travel submitted from August 1, 2012 through October 31, 2012. This was for informational purposes.

C. Risk Management Report – The Loss Control Committee will provide quarterly to the Audit Committee a copy of the Loss Control Committee's agenda from their last meeting as well as the approved minutes. Copies of the March 13, 2012 meeting and the agenda for the June 6, 2012 meeting were provided to the audit committee.

D. PERSLink Update – An update was provided at the meeting on PERSLink from Ms. Schiermeister. This will be the final report provided to the audit committee.

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." Attached was a copy of the report showing the actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended September 30, 2012.

Meeting adjourned at 10:20 a.m.