

# MEMORANDUM

**TO:** STATE INVESTMENT BOARD AUDIT COMMITTEE MEMBERS  
**FROM:** LES MASON, SUPERVISOR OF INTERNAL AUDIT  
**DATE:** FEBRUARY 15, 2013  
**SUBJECT:** FEBRUARY 22, 2013 SIB AUDIT COMMITTEE MEETING

At this meeting, Dottie and I will go over our annual report on the fiscal year year-to-date audit activities. Also included is the report on Executive Limitations.

We'll work on the SIB Audit Committee Charter, with a few revisions to consider.

There will be individual meetings with the Interim Executive Director, and the Internal Audit staff.

Mike Sandal has agreed to give us an update on the Executive Director search.

I'm looking forward to seeing you at the Workforce Safety and Insurance building in the conference room on the main floor as you enter the building from the south.

**ND STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING**

**FRIDAY, FEBRUARY 22, 2013, 1:00 p.m.  
WORKFORCE SAFETY AND INSURANCE  
1600 E CENTURY AVENUE, BISMARCK, ND**

**AGENDA**

- 1. CALL TO ORDER & APPROVAL OF AGENDA**
- 2. APPROVAL OF NOVEMBER 16, 2012, MINUTES** (enclosed)
- 3. REPORT ON FISCAL 2013 SECOND QUARTER INTERNAL AUDIT ACTIVITIES -**  
Mr. Mason, Ms. Thorsen (enclosed) **(Committee Approval)**
  - A. School District Audits (enclosed - questions only)
  - B. Executive Limitations Audit (enclosed)
- 4. AUDIT COMMITTEE CHARTER** - work on revision (enclosed)
- 5. COMMITTEE MEETING WITH INTERIM EXECUTIVE DIRECTOR**
- 6. COMMITTEE MEETING WITH INTERNAL AUDIT SUPERVISOR**
- 7. UPDATE ON EXECUTIVE DIRECTOR SEARCH** - Mr. Sandal
- 8. OTHER**  
Next SIB Audit Committee Meeting - Friday, May 17, 2013, 1:00 p.m.,  
Peace Garden Room - State Capitol.
- 9. ADJOURNMENT**

**STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING  
MINUTES OF THE  
NOVEMBER 16, 2012 MEETING**

**COMMITTEE MEMBERS PRESENT:** Rebecca Dorwart, Chair  
Lonny Mertz, Vice Chair  
Mike Gessner, TFFR Board/Liaison to the SIB  
Mike Sandal, PERS Board  
Cindy Ternes, Workforce Safety & Insurance

**STAFF PRESENT:** Connie Flanagan, Fiscal & Investment Officer  
Bonnie Heit, Office Manager  
Fay Kopp, Interim Executive Director  
Les Mason, Internal Audit Supervisor  
Darren Schulz, Interim Chief Investment Officer  
Dottie Thorsen, Internal Audit

**OTHERS PRESENT:** Thomas Rey, CliftonLarsonAllen

**CALL TO ORDER:**

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 1:00 p.m., on Friday, November 16, 2012, at Workforce Safety & Insurance, 1600 E Century, Bismarck, ND.

A quorum was present for the purpose of conducting business.

**AGENDA:**

The Audit Committee considered the November 16, 2012 agenda.

**MR. SANDAL MOVED AND MS. TERNES SECONDED TO ACCEPT THE AGENDA FOR THE NOVEMBER 16, 2012, MEETING.**

**AYES: MS. DORWART, MR. SANDAL, MS. TERNES, MR. MERTZ, AND MR. GESSNER  
NAYS: NONE  
MOTION CARRIED**

**MINUTES:**

The Audit Committee considered the minutes from the October 16, 2012, meeting.

**MR. GESSNER MOVED AND MR. SANDAL SECONDED TO ACCEPT THE OCTOBER 16, 2012, MINUTES AS WRITTEN.**

**AYES: MR. GESSNER, MS. DORWART, MR. SANDAL, MS. TERNES, AND MR. MERTZ  
NAYS: NONE  
MOTION CARRIED**

**FINANCIAL AUDIT REPORT JUNE 30, 2012:**

Mr. Thomas Rey reviewed CliftonLarsonAllen's audit of the financial statements of the Retirement and Investment Office (RIO) for the Fiscal Year Ending June 30, 2012. Mr. Rey reported CliftonLarsonAllen issued an unqualified opinion of the financial statements.

Ms. Flanagan informed the Audit Committee RIO has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Governmental Financial Officer's Association (GFOA) for the past 14 consecutive years.

The Audit Committee thanked staff for their excellent work on the audit report.

**MS. TERNES MOVED AND MR. MERTZ SECONDED TO ACCEPT CLIFTONLARSONALLEN'S AUDIT REPORT OF THE FINANCIAL STATEMENTS OF RIO FOR THE FISCAL YEAR ENDING JUNE 30, 2012.**

**AYES: MS. TERNES, MR. MERTZ, MS. DORWART, MR. SANDAL, AND MR. GESSNER**

**NAYS: NONE**

**MOTION CARRIED**

**INTERNAL AUDIT ACTIVITIES:**

Mr. Mason reviewed the Internal Audit Division's work activity for the first quarter of FY2013.

School District Audit Reports - The objective is to complete 43 or more school district audits during FY2013. Currently, seven audits were completed, six audits are in progress, information on three more school districts has been received, and information is being requested for 12 additional districts.

TFFR File Maintenance - Ms. Thorsen reported she reviewed the first quarter of FY2013 transactions. There were no exceptions noted.

**MR. GESSNER MOVED AND MS. TERNES SECONDED TO ACCEPT THE INTERNAL AUDIT DIVISION'S WORK ACTIVITY REPORT FOR THE FIRST QUARTER OF FY2013.**

**AYES: MS. DORWART, MR. GESSNER, MR. MERTZ, MR. SANDAL, AND MS. TERNES**

**NAYS: NONE**

**MOTION CARRIED**

**CHARTER:**

The Audit Committee reviewed their Charter. Mr. Mason is to electronically distribute the Charter to the Audit Committee with his suggested changes. Audit Committee members are to submit their changes to Ms. Dorwart. The Charter will be reviewed at the February 22, 2013, meeting.

**FY 2013 WORK PLAN:**

The Audit Committee reviewed a revised Internal Audit work plan for the period of July 1, 2012 - June 30, 2013 which reflected the discussion and changes from the November 16, 2012, meeting.

**MS. TERNES MOVED AND MR. SANDAL SECONDED TO ACCEPT THE REVISED INTERNAL AUDIT WORK PLAN FOR THE PERIOD OF JULY 1, 2012 - JUNE 30, 2013.**

**AYES: MS. DORWART, MR. SANDAL, MS. TERNES, MR. MERTZ, AND MR. GESSNER**

**NAYS: NONE**

**MOTION CARRIED**

**OTHER:**

The next Audit Committee meeting is scheduled for February 22, 2013, at 1:00 p.m. at Workforce Safety & Insurance.

**ADJOURNMENT:**

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 2:15 p.m.

Respectfully Submitted:

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Ms. Rebecca Dorwart, Chair  
SIB Audit Committee

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Bonnie Heit  
Assistant to the Audit Committee

**RETIREMENT AND INVESTMENT OFFICE  
INTERNAL AUDIT SERVICES UNIT  
AUDIT ACTIVITIES REPORT  
FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013  
FOR THE PERIOD NOVEMBER 14, 2012 THROUGH FEBRUARY 13, 2013**

The audit objective of the Internal Audit Services Unit (Audit Unit) is twofold: first, to provide comprehensive, practical audit coverage of the Retirement and Investment Office (RIO) programs; second, to assist RIO management and the State Investment Board (SIB) by conducting special reviews or audits.

Our audit coverage is based on the Fiscal Year July 1, 2012 through June 30, 2013 Work Plan. The Work Plan is consistent with the Audit Unit charter and goals, and the goals of RIO. To the extent possible, our audits are being carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Audit effort is being directed to the needs of RIO and the concerns of management and the SIB Audit Committee.

**REGULAR AUDIT COVERAGE**

**Retirement Program**

**• School District Reporting**

We are examining school district reporting to the Teachers' Fund for Retirement (TFFR) to determine that retirement salaries reported for members of TFFR are in compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). Other reporting procedures reviewed during the audit process are calculation of service hours and eligibility for TFFR membership. A written report is issued after each audit examination is completed.

Our objective is to complete 43 or more school district audits during fiscal 2013. To date, 12 audits were completed. Currently, 10 audits are in progress, and information on 6 more school districts has been received. The attached list details the current status of these audits. In addition, information is being requested for 15 additional districts.

This is an area that requires special emphasis due to the level of risk identified through previous audit results. Our long-range plans include auditing each district over a five year period.

- **TFFR File Maintenance**

We periodically test changes made to TFFR member account data by RIO employees.

Journals are generated daily and monthly indicating any file maintenance changes made. Our previous external auditors recommended that the Audit Unit review these reports on a regular basis.

### **Retirement and Investment Office**

- **Office Administration – Executive Limitations**

We tested executive performance to determine compliance with the SIB's Executive Limitations policy for the seven months ended December 31, 2012. The report, dated February 1, 2013 is included.

The results of this audit will be included in the annual review the SIB makes to determine whether all *Ends* and *Executive Limitations* are being met.

### **SUMMARY**

Audit effort was directed to activities that are of greatest concern to the SIB Audit Committee, RIO management, and the external auditors.

### **LOOKING AHEAD**

The focus of the internal audit function has been on external entities reporting to RIO, such as school district reporting to TFFR for its members. We will continue to conduct these audits while developing the other areas of audit coverage outlined in our Fiscal 2013 Work Plan.

**REPORT ON COMPLIANCE AUDIT  
FOR REPORTING AND PAYMENTS  
TO THE TEACHERS' FUND FOR RETIREMENT  
UNDERWOOD SCHOOL  
FEBRUARY 7, 2013**

**PURPOSE**

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An audit program has been established within RIO to carry out this responsibility. This audit is in conjunction with and in addition to the audit performed by RIO's external auditors. Independent reports are filed with the Interim Executive Director-Retirement Officer and the Audit Committee of the State Investment Board (SIB).

**SCOPE**

The TFFR compliance audit is designed to test the accuracy of retirement salaries reported by the Underwood School (District) to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). The District's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, individual teacher contracts, and payroll records are used in the examination.

TFFR reviewed the accounts for selected members' salaries reported by the District for the 2010-11 and 2011-12 school years. We calculated the member and employer contributions due to TFFR based on the payroll information provided by the District. The results are then compared to the amounts actually reported to TFFR by the District for the years being audited.

It is the policy of the TFFR Board that the time limitation applied to reporting errors shall be from the onset of the error or 36 months prior to the beginning of the current school year.

**FINDINGS**

It is our opinion that retirement salaries reported by the Underwood School for the fiscal years 2010-11 and 2011-12 were in compliance with the definition of salary as it appears in NDCC 15-39.1-04(9).

None

**RECOMMENDATION**

None

Any findings and recommendations in this compliance audit are based on state statutes and rules in effect during the audit period. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

In addition to the compliance audit, all accounts are reviewed as members notify TFFR of their intent to retire.



Les Mason  
Supervisor of Internal Audit

bh  
Enclosures

**REPORT ON COMPLIANCE AUDIT  
FOR REPORTING AND PAYMENTS  
TO THE TEACHERS' FUND FOR RETIREMENT  
FORT YATES SCHOOL DISTRICT  
JANUARY 16, 2013**

**PURPOSE**

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other member employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An audit program has been established within RIO to carry out this responsibility. Independent reports are filed with the Interim Executive Director-Retirement Officer of RIO upon completion, and the Audit Committee of the State Investment Board (SIB) quarterly.

**SCOPE**

This audit is designed to test the accuracy of retirement salaries reported by the employer to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). The employer's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, along with the individual teacher contracts, are used in the examination.

A representative sample of TFFR accounts was selected from members of the District for the 2008/09 through 2009/10 school years. For each school year under audit, member accounts were selected from the final Employer's Report of Member and Employer Contributions. Member contributions, employer contributions, and salaries reported for the selected members were examined. See Primary Test.

The Primary Test calculates the member and employer contributions due to TFFR based on the information provided by the employer. The results are then compared to the amounts actually reported by the employer for the years being audited. See Primary Test.

Because the Primary Test disclosed reporting procedures used by the District that would affect a large portion of the population for fiscal years 2008/09 through 2009/10, the Primary Test was expanded to include 100 percent of the members. It is the policy of the TFFR Board that the time limitation applied to reporting errors shall be from the onset of the error or 36 months prior to the beginning of the current school year. The members' accounts were reviewed for the audit period as well as for the 2010-11 and 2011-12 school years.

**FINDINGS**

In our opinion, for the time period covered in the audit, the retirement salaries reported by the Fort Yates School District for the fiscal years 2008/09 through 2011/12 were not in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following errors were noted:

1. The District did not report an eligible bonus/incentive paid to several members for three of the four audited school years.
2. The District reported unused personal leave for several members.
3. The District under-reported contract salary and extra-curricular wages.
4. The District did not report summer school salary for one member.
5. The District reported bus driving salary for one member.
6. The District reported a sign-on bonus for one member.
7. The District over-reported salary for several members by reporting the same month's salary in two fiscal years.

## FINDINGS, continued

8. The District reported undocumented salary for two members.
9. The District reported salary in the wrong fiscal years for three members.
10. The District did not issue contracts for out-of-district teachers who worked in the after-school programs.
11. The District reported service hours incorrectly for one member. This error occurred due to reporting salary in the wrong fiscal year.

## RECOMMENDATIONS AND CORRECTIVE ACTION

### **Findings 1, 2, 3, 4, 5, 6, 7, 8, and 9:**

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in determining when salary is reportable (Reporting Section). The website address is [www.nd.gov/riol/TFFR/Publications](http://www.nd.gov/riol/TFFR/Publications). Salary is to be reported in the fiscal/school year when earned, not when paid.

### **Finding 10:**

The District did not issue written agreements for after-school programs. TFFR requires that the District issue some form of written agreement to district and out-of-district teachers for all summer salary. If written agreements are not issued to teachers from outside the District or teachers without a continuing contract, the after-school salary would not be reportable to TFFR. A written agreement can be a contract, school board minutes or other official document evidencing a contractual relationship between a teacher and participating employer.

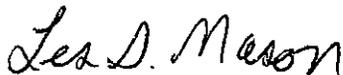
### **Finding 11:**

This error occurred due to reporting salary in the wrong fiscal year. TFFR will correct the service credit for the member and send a letter stating that a correction has been made to the account.

The net amount due, plus interest for Findings 1 through 9 is \$2,734.78. The invoice for the amount due will be sent to the Business Manager. It is the District's duty to refund any amount due to each member, and to collect from the members any amounts owed. Please provide a written response on the District's intent to correct the above errors, including issuing written agreements for after-school programs, in future reporting to TFFR. **The written response needs to be returned to the Retirement and Investment Office by February 15, 2013.**

Determinations for the findings were based on review of available documentation and assistance from the Business Manager. The findings and recommendations in this compliance audit are based on state statutes and rules in effect during the audit period. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

In addition to the compliance audit, all accounts are reviewed as members notify the TFFR of their intent to retire.



Les Mason  
Supervisor of Internal Audit

Enclosures

**REPORT ON COMPLIANCE AUDIT  
FOR REPORTING AND PAYMENTS  
TO THE TEACHERS' FUND FOR RETIREMENT  
NORTH STAR SCHOOL DISTRICT  
JANUARY 16, 2013**

**PURPOSE**

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other member employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An Audit Program (AP) has been established within RIO to carry out this responsibility. This AP is in conjunction with and in addition to the audit performed by RIO's external auditors. Independent reports are filed with the Interim Director-Retirement Officer of RIO upon completion, and the Audit Committee of the State Investment Board (SIB) quarterly.

**SCOPE**

This audit is designed to test the accuracy of retirement salaries reported by the employer to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). The employer's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, along with the individual teacher contracts, are used in the examination.

A representative sample of TFFR accounts was selected from members of the District for the 2009/10 through 2010/11 school years. For each school year under audit, member accounts were selected from the final Employer's Report of Member and Employer Contributions. Member contributions, employer contributions, and salaries reported for the selected members were examined. See Primary Test.

The Primary Test calculates the member and employer contributions due to TFFR based on the information provided by the employer. The results are then compared to the amounts actually reported by the employer for the years being audited. See Primary Test.

The Primary Test did not disclose any reporting procedure used by the District that would affect a large portion of the population for fiscal years 2009/10 through 2010/11. Therefore, the Primary Test was not expanded to include 100 percent of the members. However, it is the policy of the TFFR Board that the time limitation applied to reporting errors shall be from the onset of the error or 36 months prior to the beginning of the current school year.

**FINDINGS**

In our opinion, for the time period covered in the audit, the retirement salaries reported by the North Star School District for the fiscal years 2009/10 through 2010/11 were in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following errors were noted:

1. The District reported advisor, coaching, and subbing salary without a written agreement for two out-of-district members.
2. The District did not issue written agreements for summer salary.

**RECOMMENDATIONS AND CORRECTIVE ACTION**

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in determining when salary is reportable (Reporting Section). The website address is [www.nd.gov/rio/TFFR/Publications](http://www.nd.gov/rio/TFFR/Publications).

Finding 1:

The District reported advisor, coaching, and subbing salary without a written agreement for two out-of-district members. In order to report salary to TFFR, a member must be licensed with the Education Standards and Practices Board and have a written agreement with the District. The two member's accounts will not be corrected for the audit period. In order to report this salary in the future, the District will have to issue some form of a written agreement with their out-of-district teachers and coaches. The District also stated that they do not issue written agreements with their substitute teachers. Contracted substitute teaching, including in-staff subbing is reportable to TFFR. Non-contracted substitute teaching is not reportable.

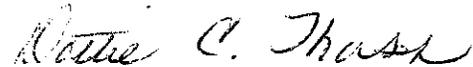
Finding 2:

The District stated that they did not issue written agreements for summer salary during the audit period. TFFR recommends that the District should issue some form of a written agreement for district and out-of-district teachers for all summer salary. If written agreements are not issued to teachers from outside the district or teachers without a continuing contract, the summer salary would not be reportable to TFFR. A written agreement can be a contract, school board minutes or other official document evidencing a contractual relationship between a teacher and participating employer.

Please provide a written response on the district's intent to correct the above errors, including issuing written agreements for summer duties, in future reporting to TFFR. **The written response needs to be returned to the Retirement and Investment Office by February 1, 2013.**

The findings and recommendations in this compliance audit are based on state statutes and rules in effect during the audit period. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

In addition to the compliance audit, all accounts are reviewed as members notify the TFFR of their intent to retire.



Dottie C. Thorsen  
Internal Auditor

Enclosures

**REPORT ON COMPLIANCE AUDIT  
FOR REPORTING AND PAYMENTS  
TO THE TEACHERS' FUND FOR RETIREMENT  
POWERS LAKE SCHOOL DISTRICT  
JANUARY 3, 2013**

**PURPOSE**

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other member employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An Audit Program (AP) has been established within RIO to carry out this responsibility. This AP is in conjunction with and in addition to the audit performed by RIO's external auditors. Independent reports are filed with the Interim Director-Retirement Officer of RIO upon completion, and the Audit Committee of the State Investment Board (SIB) quarterly.

**SCOPE**

This audit is designed to test the accuracy of retirement salaries reported by the employer to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). The employer's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, along with the individual teacher contracts, are used in the examination.

Due to information received from Retirement Services about employer reporting, the Primary Test was expanded to include 100 percent of the members listed on the final Employer's Report of Member and Employer Contributions for the 2009/10 through 2010/11 school years. See Primary Test.

The Primary Test calculates the member and employer contributions due to TFFR based on the information provided by the employer. The results are then compared to the amounts actually reported by the employer for the years being audited. See Primary Test.

However, it is the policy of the TFFR Board that the time limitation applied to reporting errors shall be from the onset of the error or 36 months prior to the beginning of the current school year (2011/12). Due to two errors, salary corrections also had to be made in 2005/06, 2006/07, 2007/08, and 2008/09.

**FINDINGS**

In our opinion, for the time period covered in the audit, the retirement salaries reported by the Powers Lake School District for the fiscal years 2009/10 through 2010/11 were not in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following errors were noted:

1. The District reported salary in the wrong fiscal year for two members.
2. The District reported ineligible bus bonus, cleaning/janitorial, flex cash option, mileage/meals, and special education aide salary for nine members.
3. The District did not have written agreements for summer salary.
4. The District reported service hours incorrectly for one part-time teacher.

5. The District did not report isolated amounts of eligible conference, drama, and in-service salary for five members.
6. The District reported the incorrect retirement salary and contributions for nineteen members due to software programming issues (insurance deductions).

### **RECOMMENDATION AND CORRECTIVE ACTION**

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in determining when salary is reportable (Reporting Section). The website address is [www.nd.gov/rio/TFFR/Publications](http://www.nd.gov/rio/TFFR/Publications).

#### Finding 1:

The District reported retirement salary in the wrong fiscal year for two members. Salary is reportable in the fiscal year in which the amount is earned. RIO will move the salary to the correct fiscal years and notify the members about the salary correction (see Primary Test and Worksheet for Correcting Accounts).

#### Finding 2:

The District reported ineligible bus bonus, cleaning/janitorial, mileage/meal reimbursement, and flex cash salary for nine members. The error caused an overpayment in member/employer contributions. RIO will adjust the accounts and notify the members about the corrections (see Primary Test and Worksheet for Correcting Accounts).

#### Finding 3:

The District stated that written agreements are not provided for summer salary. TFFR recommends that the District should issue some form of written agreement to district and out-of-district teachers for all summer salary. If written agreements are not issued to teachers from outside the District or teachers without a continuing contract, the summer salary would not be reportable to TFFR. A written agreement can be a contract, school board minutes or other official document evidencing a contractual relationship between a teacher and participating employer.

#### Finding 4:

The District reported service hours incorrectly to TFFR for one part-time member. Since the member has closed her account with TFFR, RIO will not make corrections to the account (see Primary Test and Worksheet for Correcting Accounts).

#### Finding 5:

The District did not report isolated amounts of conference, drama, and in-service salary for five members. RIO will adjust the accounts for two members and notify them about the corrections (see Primary Test and Worksheet for Correcting Accounts). The errors for three members were immaterial amounts that will not be corrected.

#### Finding 6:

The current Business Manager and Superintendent discovered that the accounting software was not consistently calculating TFFR correctly due to programming of deductions. The Business Manager notified RIO about the problem and worked with Retirement Services to correct the problem in the 2011/12 fiscal year. This error caused a shortage of member/employer contributions and affected nineteen members during the audit period. RIO will correct the material amounts of salary and notify the members about the salary corrections (see Primary Test and Worksheet for Correcting Accounts).

The net amount of contributions and interest due for Findings 2, 5, and 6 is \$2,933.77. The bill for the shortage due will be sent to the Business Manager. Please provide a written response on the District's intent to correct the above errors, including issuing written agreements for summer duties, in future reporting to TFFR. **The written response, contributions, and interest due needs to be returned to the Retirement and Investment Office by January 31, 2013.** To ensure the errors have been corrected, RIO will again review your reporting procedures in one year.

The findings and recommendations in this compliance audit are based on state statutes and rules in effect during the audit period. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

In addition to the compliance audit, all accounts are reviewed as members notify the TFFR of their intent to retire.



Dottie C. Thorsen  
Internal Auditor

bh  
Enclosures

**REPORT ON COMPLIANCE AUDIT  
FOR REPORTING AND PAYMENTS  
TO THE TEACHERS' FUND FOR RETIREMENT  
NORTHWOOD SCHOOL DISTRICT  
DECEMBER 13, 2012**

**PURPOSE**

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other member employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An Audit Program (AP) has been established within RIO to carry out this responsibility. This AP is in conjunction with and in addition to the audit performed by RIO's external auditors. Independent reports are filed with the Interim Director-Retirement Officer of RIO upon completion, and the Audit Committee of the State Investment Board (SIB) quarterly.

**SCOPE**

This audit is designed to test the accuracy of retirement salaries reported by the employer to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). The employer's master contracts, employer payment plan, salary schedules, extra-curricular payment schedules, along with the individual teacher contracts, are used in the examination.

A representative sample of TFFR accounts was selected from members of the District for the 2009/10 through 2010/11 school years. For each school year under audit, member accounts were selected from the final Employer's Report of Member and Employer Contributions. Member contributions, employer contributions, and salaries reported for the selected members were examined. See Primary Test.

The Primary Test calculates the member and employer contributions due to TFFR based on the information provided by the employer. The results are then compared to the amounts actually reported by the employer for the years being audited. See Primary Test.

The Primary Test did not disclose any reporting procedure used by the District that would affect a large portion of the population for fiscal years 2009/10 through 2010/11. Therefore, the Primary Test was not expanded to include 100 percent of the members.

However, it is the policy of the TFFR Board that the time limitation applied to reporting errors shall be from the onset of the error or 36 months prior to the beginning of the current school year.

**FINDINGS**

In our opinion, for the time period covered in the audit, the retirement salaries reported by the Northwood School District for the fiscal years 2009/10 through 2010/11 were in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following errors were noted:

1. The District reported ineligible teacher's aide salary for one member.
2. The District did not issue written agreements for summer salary.

**RECOMMENDATION AND CORRECTIVE ACTION**

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in determining when salary is reportable (Reporting Section). The website address is [www.nd.gov/rio/TFFR/Publications](http://www.nd.gov/rio/TFFR/Publications).

Finding 1:

The District reported ineligible teacher's aide salary for one member. This was an isolated error that caused an overpayment of member/employer contributions. RIO will notify the member in writing that changes have been made to her account (See Primary Test and Worksheet for Correcting Accounts).

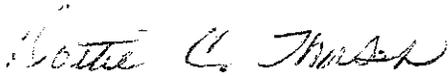
Finding 2:

The District stated that they did not issue written agreements for summer school during the audit period. They did issue a written agreement for the May 2012 Driver's Education teacher. TFFR recommends that the District should issue some form of written agreement to district and out-of-district teachers for all summer salary. If written agreements are not issued to teachers from outside the District or teachers without a continuing contract, the summer salary would not be reportable to TFFR. A written agreement can be a contract, school board minutes or other official document evidencing a contractual relationship between a teacher and participating employer.

The amount overpaid for Finding 1 is \$69.34. The check for the overpayment will be sent to the Business Manager. Please provide a written response on the District's intent to correct the above errors, including issuing written agreements for summer duties, in future reporting to TFFR. **The written response needs to be returned to the Retirement and Investment Office by January 8, 2013.**

The findings and recommendations in this compliance audit are based on state statutes and rules in effect during the audit period. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

In addition to the compliance audit, all accounts are reviewed as members notify the TFFR of their intent to retire.



Dottie C. Thorsen  
Internal Auditor

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Enclosures

North Dakota Retirement and Investment Office  
 Fiscal Year 2012/ 2013  
**SCHOOL DISTRICT COMPLIANCE AUDITS**  
 July 1, 2012 through June 30, 2013

	SCHOOL DISTRICT	FISCAL YEARS	MEMBERS IN DISTRICT	DATE AUDIT NOTIFICATION SENT	INFORMATION RECEIVED	REPORT DATE	MEMBER/ EMPLOYER CONTRIB'S DR(CR)	MEMBER'S SALARIES ADJUSTED	MEMBER SERVICE CREDIT ADJUSTED	STATUS	
X	Audit notifications sent to District (6)						In compliance		9		
&	Audits currently in progress (10)						Generally in compliance		0		
✓	School audits completed (12)						Not in compliance		3		
	Audits carried over from 2011/12 year (11)								12		
	Audit notifications sent 2012/13 (17)										
Carry forward from 2011/12											
1	✓	LM Bismarck	6/30/11, 10	1054	12/13/2011	12/5/2012	9/13/2012	0.00	0	0	In compliance No errors noted.
2	✓	LM Fort Yates 100% audit	6/30/10, 09	88	1/7/2011	7/15/2011	1/16/2013	2,734.78	25	1	Not in compliance Reported ineligible salary-unused leave, bus driving, signing bonus; did not report eligible salary-bonus, contract, and summer; reported salary in the wrong fiscal year; reported incorrect contract salary and undocumented salary; did not have written agreements for out-of-district teachers; and reported service hours incorrectly.
3	✓	LM Killdeer	6/30/11, 10	45	2/28/2012	3/21/2012	9/18/2012	0.00	0	0	In compliance The District did not issue written agreements for summer school.
4	&	DT Kindred (100% audit- programming issues 3 year period)	6/30/11, 10	52	12/13/2011	12/28/2011					Retirement Services is making corrections.
5	✓	DT McClusky	6/30/11, 10	22	2/28/2012	3/21/2012	7/30/2012	(2,442.87)	7	6	Not in compliance Reported salary in the wrong fiscal year; did not report eligible contract salary; reported ineligible subbing and recruiting bonuses; service hours incorrect for part-time teachers; and no written agreement for summer special education.
6	&	LM Minnewauken (100% audit for 3 year period)	6/30/11, 10	33	5/24/2012	6/28/2012					Reviewing additional information requested.
7	✓	DT Mott-Regent	6/30/11, 10	31	5/24/2012	6/8/2012	11/6/2012	0.00	0	0	In compliance No exceptions noted.
8	✓	DT Napoleon	6/30/11, 10	29	5/24/2012	6/20/2012	11/9/2012	(464.01)	1	1	In compliance The District reported ineligible subbing; did not report eligible subbing; did not have written agreements for summer salary.
9	✓	LM Newburg	6/30/11, 10	19	5/24/2012	6/21/2012	9/13/2012	0.00	0	0	In compliance No errors noted.
10	✓	DT New England	6/30/11, 10	21	5/24/2012	6/8/2012	7/17/2012	0.00	0	0	In compliance No errors noted.



North Dakota Retirement and Investment Office  
 Fiscal Year 2012/ 2013  
**SCHOOL DISTRICT COMPLIANCE AUDITS**  
 July 1, 2012 through June 30, 2013

	SCHOOL DISTRICT	FISCAL YEARS	MEMBERS IN DISTRICT	DATE AUDIT NOTIFICATION SENT	INFORMATION RECEIVED	REPORT DATE	MEMBER/ EMPLOYER CONTRIB'S DR(CR)	MEMBER'S SALARIES ADJUSTED	MEMBER SERVICE CREDIT ADJUSTED	STATUS
✕	Audit notifications sent to District (6)						In compliance		9	
&	Audits currently in progress (10)						Generally in compliance		0	
✓	School audits completed (12)						Not in compliance		3	
	Audits carried over from 2011/12 year (11)								12	
	Audit notifications sent 2012/13 (17)									
26	✕ LM Thompson	6/30/12, 11	37	11/15/2012	12/17/2012					Received requested information.
27	✓ LM Underwood	6/30/12, 11	29	11/15/2012	11/27/2012	2/7/2013	0.00	0	0	In compliance No exceptions noted.
28	& DT Wahpeton	6/30/12, 11	112	11/15/2012	11/23/2012					Received additional info requested.
<b>Totals</b>			<u>2,219</u>				2,692.33	51	8	

1,420 Completed as of February 15, 2013.

**RIO INTERNAL AUDIT DIVISION  
COMPARISON OF BUDGET TO ACTUAL SCHOOL DISTRICT AUDITS FOR 2012-2013**

	<u>2012-2013 audits</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>
1st quarter (July - September)	6	5
2nd quarter (October - December) through November 9, 2012	13	2
3rd quarter (January - March) through February 13, 2013	12	5
4th quarter (April - June)	12	
	<u>43</u>	<u>12</u>

**RIO INTERNAL AUDIT DIVISION**

**YTD HOURS FOR THE FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013**

		<b>2012-13 BUDGET HOURS</b>	<b>YTD HOURS 7/1/2012 - 02/13/13</b>	<b>1st quart. hours 7/1/2012 - 9/30/2012</b>	<b>2nd quart. hours to date 10/1/2012 - 11/09/2012</b>	<b>3rd quart hours to date 11/14/12 - 2/13/13</b>
<b>1. Audit</b>						
School District Audits		2,792	1,763	653	416	694
Follow-up on "not-in-compliance" prior year audits (30 hrs/audit, 2 audits)		60				
TFFR File Maintenance (2 days per quarter)		64	40	21		19
Death, purchase of service, and refunds review		52	52	52		
Executive Limitations		24	21			21
Policy & Procedure Manual		16				
Special Projects		40				
<b>Total Audit Hours</b>	73%	<b>3,048</b>	<b>1,876</b>	<b>726</b>	<b>416</b>	<b>734</b>
<b>2. Administrative (meetings &amp; prep, CEU's, etc.)</b>	7%	<b>292</b>	<b>234</b>	<b>106</b>	<b>10</b>	<b>118</b>
<b>3. Annual/Sick Leave, Holidays</b>	20%	<b>820</b>	<b>449</b>	<b>208</b>	<b>54</b>	<b>188</b>
<b>Total Budget Hours (2 FTE's)</b>	100%	<b>4,160</b>	<b>2,560</b>	<b>1,040</b>	<b>480</b>	<b>1,040</b>

**RIO INTERNAL AUDIT DIVISION  
 COMPARISON OF BUDGET TO ACTUAL SCHOOL DISTRICT AUDITS FOR 2012-2013**

	<u>2012-2013 audits</u>		<u>MTG. DATE to MTG. DATE</u>	<u>OVER/ (UNDER) BUDGET</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
1st quarter (July - September)	6	5	5	(1)
2nd quarter (October - December) October 1 - November 9, 2012	13	2	3	(11)
3rd quarter (January - March) November 14, 2012 - February 13, 2013	12	5	4	(7)
4th quarter (April - June)	12			
	<u>43</u>	<u>12</u>	<u>12</u>	<u>(19)</u>

**RIO INTERNAL AUDIT DIVISION**

**YTD HOURS FOR THE FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013  
AS OF FEBRUARY 13, 2013**

	<b>2012-13 BUDGET HOURS</b>	<b>YTD HOURS 7/1/2012 - 02/13/13</b>	<b>1st quart. hours 7/1/2012 - 9/30/2012</b>	<b>2nd quart. hours to date 10/1/2012 - 11/09/2012</b>	<b>2nd quart. hours 10/1/2012 - 12/31/2012</b>	<b>3rd quart hours to date 11/12/12 - 2/13/13</b>
<b>1. Audit</b>						
School District Audits	2,792	1,805	653	416	767	736
Follow-up on "not-in-compliance" prior year audits (30 hrs/audit, 2 audits)	60	0				
TFFR File Maintenance (2 days per quarter)	64	40	21			19
Death, purchase of service, and refunds review	52	52	52			
Executive Limitations	24	21				21
Policy & Procedure Manual	16	0				
Special Projects	40	0				
<b>Total Audit Hours</b>	73% 3,048	1,918	726	416	767	776
<b>2. Administrative (meetings &amp; prep, CEU's, etc.)</b>	7% 292	240	106	10	103	124
<b>3. Annual/Sick Leave, Holidays</b>	20% 820	449	208	54	170	188
<b>Total Budget Hours (2 FTE's)</b>	100% 4,160	2,608	1,040	480	1,040	1,088

## STATE INVESTMENT BOARD AUDIT COMMITTEE CHARTER

### PURPOSE

The Audit Committee (the Committee) is a standing committee of the North Dakota State Investment Board (SIB). The Committee will perform as an effective oversight function of the Retirement and Investment Office (RIO) internal and external audit programs; including the financial reporting process, internal controls, policies, and practices.

### AUTHORITY

The Committee is authorized to develop and direct the internal audit program for RIO as well as oversee the external audit. The internal audit program provides assurance to the Committee that RIO's financial condition and results of operations are accomplished in accordance with RIO's policies and plans. The Committee may investigate any activity of RIO and may retain persons as necessary from within or outside RIO having special competence to assist the Committee in the accomplishment of its responsibilities.

### RESPONSIBILITIES

RIO executive management is responsible for financial and other reporting, internal control, and compliance with laws, regulations, and ethics. The Committee has the responsibility to assure the reliability and integrity of financial and operating information; compliance with policies, plans, procedures, pertinent laws and regulations, and ethical conduct; safeguarding of assets; economical and efficient use of resources; and effectiveness of achieving desired results from operations. To this end, the Committee will:

#### Internal Audit

- ~~1. Approve and periodically review the internal audit charter and submit to the SIB for approval.~~
- ~~2.~~ 1. Review and approve the annual work plan detailing the planned scope of internal audits and reviews of RIO activities and functions, and review the results of the internal audit program.
- ~~3.~~ 2. Discuss with the internal auditors<sup>1</sup> significant internal audit recommendations and review and analyze RIO's internal accounting control systems and related policies and control systems.
- ~~4.~~ 3. Review the coordination of the internal auditor's role and work with the external auditor's work.
- ~~5.~~ 4. Participate with RIO's Executive Director in the appointment of the internal audit supervisor, and evaluation of the performance of the internal audit supervisor. Approve any changes in staffing; including the addition, termination, or replacement of internal auditors, and the approval of salary increases and/or promotions other than those authorized by the legislature.

~~6.5.~~ Meet with the internal auditor(s) periodically (out of the presence of management and the external auditors as appropriate) with respect to any of the foregoing and review any restrictions on the audit work.

~~7. 6.~~ Review with the internal audit supervisor whether internal audit activities are being carried out in accordance with the Institute of Internal Auditors, Inc. "International Standards for the Professional Practice of Internal Auditing," as adopted by the Committee.

#### External Audit

1. Make recommendations to the State Auditor when appropriate as it relates to selection, evaluation, and termination.
2. Review non-auditing services, if any, performed for RIO by the external auditors.
3. Review annually the overall plan of the audit as proposed by the external auditors and management, including the scope of the examination to be performed, the assistance to be provided by the internal auditors and any developments in accounting principles and auditing standards that may affect either the financial statements or the audit.
4. Prior to the release of the annual report to the SIB and other officials, review the results of the audit with the external auditors and management, ~~which.~~ This review will include the following, as applicable:
  - (a) Any major problems encountered by the external auditors and the resolution thereof;
  - (b) The effect on the audit of any developments referred to in item 3 above;
  - (c) Any unresolved differences between the external auditors and management;
  - (d) Any other significant comments or recommendations of the external auditors or management;
  - (e) And the adequacy of RIO's internal accounting controls and accounting policies, procedures, and practices.
5. Meet with the external auditors periodically (out of the presence of management as appropriate) with respect to any of the foregoing, and review any restrictions on the audit work.
6. Engage in dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors.

#### RIO Management

1. Provide oversight of RIO's financial reporting process. Inquire as to any proposed changes in accounting or financial reporting procedures and of any unusual events that could impact the financial statements.

2. Inquire as to the procedure for the prevention of illegal payments, conflicts of interest, or other questionable practices. Inquire as to the existence of any illegal payments, conflicts of interest, or other questionable acts. Review the Code of Conduct, rules, and policies applicable to RIO.
3. Review compliance with federal and state law, North Dakota administrative code, and SIB and Teachers' Fund for Retirement (TFFR) Board policies.

## **ADMINISTRATIVE**

The Committee will consist of five members, selected by the SIB. Three members of the Committee will represent the three groups on the SIB (TFFR Board, Public Employees Retirement System (PERS) Board, and elected and appointed officials). The other two members will be selected from outside of the SIB.

The Committee will elect a Chair, a Vice Chair, and a liaison. The Chair will preside at all meetings of the SIB Audit Committee. In the absence of the Chair, the Vice Chair will perform the duties of the Chair. The liaison will report annually to the SIB on the results of the annual audit and quarterly to the SIB on the activities of the Committee and other pertinent information.

RIO's Executive Director will supervise the administrative activities of the internal and external audit programs such as travel, securing contracts, paying fees, maintaining official reports, and other appropriate activities.

The Supervisor of Internal Audit Services will be the staff member to report directly to the Committee.

Membership on the Committee will be for one year or termination of term on the SIB. Vacancies will be filled by the SIB at the first scheduled meeting following the vacancy. There will be no limit to the number of terms served on the Committee.

The Committee will generally meet quarterly, or more frequently as appropriate, and will give notice of Committee meetings to RIO's Executive Director and the Internal Audit Supervisor. The Executive Director and Internal Audit Supervisor will attend all Committee meetings except that the Committee may, at its discretion, elect to meet without the presence of the Executive Director and/or Internal Audit Supervisor. A quorum will be three (3) members of the Committee.

Approved minutes of the Committee will be submitted to the SIB. The Committee will periodically review the internal audit charter and submit to the SIB for approval.

**DATE OF CREATION OF COMMITTEE AMENDMENTS:** December 14, 1993

**DATE AUDIT COMMITTEE CHARTER ADOPTED AND APPROVED:** June 24, 1994

**REVISED:** November 22, 1996, February 13, 1997, November 6, 2001, May 19, 2006, May 18, 2007, June 26, 2009.

### 2013 PROPOSED LEGISLATION

#### SB 2061 - TFFR Administrative Changes (Sponsor: TFFR Board)

- Updates definitions, incorporates federal law changes to comply with federal statutes, and adds a savings clause.

#### Other Bills Affecting TFFR:

#### SB 2331 - Retiree Benefit Adjusted Based on Re-employed Member Contributions Paid

- Requires a retired member's benefit to be actuarially adjusted to provide an increase in benefit based on the total amount of retired member contributions paid to TFFR during a period of re-employment. The retiree's benefit will be adjusted when the retiree re-retires.

#### HB 1203 - Member Contributions Discontinued on Salary Earned by Re-employed Retirees

- Removes the requirement for TFFR member contributions to be paid on salary earned by re-employed retirees effective July 1, 2013. (Exception: Member contributions must be paid once a re-employed retiree exceeds the annual hour limit under the General Rule and has their TFFR benefit suspended and recalculated upon re-retirement.) Employer contributions continue to be required on all salary earned by re-employed retirees.

#### HB 1230 - Expiration of the Increase in TFFR Contribution Rates

- Maintains the TFFR member and employer contribution rates approved by the 2011 Legislature until the Fund reaches 100% funded ratio (not 90% as provided in current law) at which time

contribution rates would be reduced to 7.75% for member and 7.75% for employer.

Note: TFFR cannot predict the outcome of any legislative proposal. There is no guarantee that legislation passed will have the results as the proposals described above. Additional legislative information can be obtained from the TFFR website at [www.nd.gov/rio](http://www.nd.gov/rio) or ND Legislative Council website [www.legis.nd.gov](http://www.legis.nd.gov).

### SALARY VERIFICATION-PENDING RETIREE FORM

To assist TFFR in the retirement process, please complete a [Salary Verification-Pending Retiree form](#) prior to a teacher retiring from your employment. We would like employers to complete and submit this form by March 1 for each TFFR member retiring. This form provides TFFR with salary detail for the current fiscal year and is used to estimate the teacher's final salary. This estimated salary is used to calculate the initial retirement benefit. Once the employer has reported all salary for the retiree, the retirement benefit is recalculated and corrected, if needed.



## RE-EMPLOYED RETIREE REPORTING REQUIREMENTS

If you have reported re-employed TFFR retirees in fiscal year 2012-13 and have not submitted the [TFFR Retired Member Employment Notification form](#) you must do so immediately. The form is required within 30 days of employment. Employers can be billed a \$250 late reporting penalty if the forms are not submitted on time.

## TAX TREATMENT OF TFFR CONTRIBUTIONS

Employers may report TFFR contributions on the W-2 form. TFFR is a 401(a) defined benefit plan and its contributions are mandatory, not elective. Under all models, the amount of TFFR contributions withheld or paid by the district is not required on the W-2 form. However, if the district wishes to place this information on the W-2, it belongs in Box 14.



## 2012 ANNUAL FINANCIAL REPORT AVAILABLE

For a complete review of the financial, investment, and actuarial conditions of the State Investment Board (SIB) and the Teachers' Fund for Retirement (TFFR), please view the Retirement and Investment Office (RIO) [2012 Comprehensive Annual Financial Report](#) (CAFR).

## VESTED INTEREST HIGHLIGHTS

Please view the [December 2012 Your Vested Interest newsletter](#) that was recently published. The newsletter contains updates on the following:

- Investment Performance Update
- Status on the search for an Executive Director/CIO

## SOCIAL SECURITY NUMBER REMINDER

To avoid creating multiple TFFR accounts for the same person, please contact the TFFR office before you change the social security number of a teacher in your payroll system. We need to verify that the number is correct and change our database before we post your TFFR report that contains the corrected social security number.

## ATTENTION: EMPLOYERS USING FLOPPY DISKS AND CDS

If you are currently using a floppy disk or a CD to submit your monthly TFFR report, we encourage you to make the switch to **TFFR Employer Online Services**. This application allows you to electronically submit your monthly TFFR contribution report directly to TFFR. You can also use this site to update your TFFR employer contact information.

To keep up with technology and hardware changes, within the next year TFFR plans to no longer accept monthly employer reports on floppy disks or CDs. Please contact us at [rio@nd.gov](mailto:rio@nd.gov) to help you make the switch today!

Reporting TFFR information using TFFR Employer Online Services is secure, fast and easy!