

**ND STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING**

Thursday February 25, 2016 – 3:00 PM
State Capitol – Peace Garden Room
600 East Blvd Ave, Bismarck, ND 58505-0130

AGENDA

1. Call to Order and Approval of Agenda – Chair (committee action) (5 minutes)
2. Approval of November 19, 2015 Minutes – Chair (committee action) (5 minutes)
3. 2015 - 2016 Second Quarter Audit Activities Report – Terra Miller Bowley (committee action)(10 minutes)
4. Update: 2015-2016 Audit Plan vs. Actual Activities – Terra Miller Bowley (information)(15 minutes)
5. Executive Limitation Audit – Terra Miller Bowley (committee action)(10 minutes)
6. GASB 68 Schedule Audit Update – Terra Miller Bowley (information)(10 minutes)
7. Audit Committee Charter – Terra Miller Bowley (committee action)(15 minutes)
8. 2016-2017 SIB Audit Committee Meeting Schedule – Terra Miller Bowley(committee action)(10 minutes)
9. RIO Website Transparency – Terra Miller Bowley (information)(5 minutes)
10. Committee Meeting with Executive Director and Deputy Executive Director – Dave Hunter and Fay Kopp, SIB Audit Committee Members (15 minutes)
11. Committee Meeting with Supervisor of Audit Services and Auditor – Terra Miller Bowley and Dottie Thorsen, SIB Audit Committee Members (15 minutes)
12. Other – Next SIB Audit Committee Meeting

North Dakota State Capitol Building
May 26, 2016 at 3:00 PM
Peace Garden Room

13. Adjournment

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at (701) 328-9885 at least (3) days prior to the scheduled meeting.

**STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING
MINUTES OF THE
NOVEMBER 19, 2015, MEETING**

COMMITTEE MEMBERS PRESENT: Rebecca Dorwart, Chair
Mike Gessner, TFFR Board
Karol Riedman, Health Dept.
Mike Sandal, PERS Board
Cindy Ternes, Workforce Safety & Insurance

STAFF PRESENT: Connie Flanagan, Fiscal & Invt Op Mgr
Bonnie Heit, Assistant to the Audit Committee
David Hunter, Executive Director/CIO
Fay Kopp, Deputy Executive Director/CRO
Terra Miller Bowley, Suprv Audit Services
Shelly Schumacher, Retirement Program Mgr
Dottie Thorsen, Internal Auditor

GUESTS: Jason Ostroski, CliftonLarsonAllen

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 3:03 p.m., on Thursday, November 19, 2015, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 19, 2015, MEETING AS DISTRIBUTED.

AYES: MR. SANDAL, MS. TERNES, MS. RIEDMAN, MR. GESSNER, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

MINUTES:

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MS. RIEDMAN AND CARRIED ON A VOICE VOTE TO APPROVE THE SEPTEMBER 25, 2015, MINUTES AS DISTRIBUTED.

AYES: MR. GESSNER, MR. SANDAL, MS. TERNES, MS. RIEDMAN, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

FINANCIAL AUDIT REPORT:

Mr. Jason Ostroski, CliftonLarsonAllen, LLP (CLA), reviewed the results of the June 30, 2015, financial audit of the Retirement and Investment Office. CLA issued an unmodified "clean" opinion that the financial statements are presented fairly, in all material respects, and in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Mr. Ostroski also briefed the Audit Committee on the GASB 68 Census Data Audits. Employer census testing was completed with 17 employers and 204 active members tested. No findings were noted. Work on the GASB 68 schedules had begun and CLA expects to issue their final report by the end of 2015.

The Audit Committee congratulated RIO personnel on their excellent work on the financial audit report and also implementation of the GASB 67 and 68 schedules.

IT WAS MOVED BY MS. RIEDMAN AND SECONDED BY MS. TERNES AND CARRIED ON A VOICE VOTE TO ACCEPT THE JUNE 30, 2015, FINANCIAL AUDIT REPORT.

AYES: MS. TERNES, MS. RIEDMAN, MR. SANDAL, MR. GESSNER, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

AUDIT SERVICES ACTIVITIES REPORT:

Ms. Miller Bowley reviewed Audit Service activities for the period of July 1, 2015 - September 30, 2015.

As of November 16, 2015, 10 employer audits had been completed. All employers remaining in the third audit cycle had been notified of an upcoming TFFR Compliance Audit. At the end of the first quarter, seventeen employers had yet to be audited in the third audit cycle. The long-range plan is to audit each employer over a five year period.

The TFFR File Maintenance Audit for the fourth quarter of fiscal year 2015 was completed and no exceptions were noted.

The 2014-15 Benefit Payments Audit was completed and one exception was noted.

Preliminary work was completed on the creation and implementation of an audit program, which addresses Regional Education Association (REA) Audits. The audit program will be modeled after the audit program currently used for TFFR Compliance Audits. Audit Services plans to notify an REA of a forthcoming audit in the third quarter of the current fiscal year.

The SIB customer satisfaction survey was completed. Audit Services facilitated the survey beginning in July 2015 and results were provided to the SIB in October 2015. On a scale of 1 to 4, clients rated the SIB at 3.7.

Audit Services also provided support to CLA for the June 30, 2015, financial audit of RIO and the GASB 68 Census Data Audits.

Audit Services has begun work on a procedures manual. The procedures for the TFFR File Maintenance Audit have been documented. Plans are to have procedures for at least three audits and/or administrative activities documented by the end of the fiscal year.

Audit Services has been attending the IIA's local chapter, Central Nodak, monthly meetings to pursue networking and professional development opportunities.

IT WAS MOVED BY MR. GESSNER AND SECONDED BY MR. SANDAL AND CARRIED ON A VOICE VOTE TO ACCEPT THE JULY 1, 2015, - SEPTEMBER 30, 2015, AUDIT SERVICES ACTIVITIES REPORT.

AYES: MR. GESSNER, MS. RIEDMAN, MR. SANDAL, MS. TERNES, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

CHARTER:

The Audit Committee reviewed a draft of their Charter. A number of modifications were made to the Charter. RIO personnel will incorporate the changes and present the Charter at the February 25, 2016, meeting.

OTHER:

The next Audit Committee meeting is scheduled for February 25, 2016, at 3:00 p.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 4:41 p.m.

Respectfully Submitted:

Ms. Rebecca Dorwart, Chair
SIB Audit Committee

Bonnie Heit
Assistant to the Audit Committee

**RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES
2015 - 2016 2nd Quarter Audit Activities Report
October 1, 2015 – December 31, 2015**

The audit objective of Audit Services 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.

Audit coverage is based on the July 1, 2015 through June 30, 2016 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Audit Services 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.

Retirement Program Audit Activities

• **TFFR Compliance Audits and Not In Compliance (NIC) Reviews**

We examine employer reporting to the Teachers' Fund for Retirement (TFFR) to determine whether retirement salaries and contributions 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.

Nine employer audits were completed in the second quarter. A total of fifteen employer audits have been completed year to date including fourteen TFFR Compliance Audits and one Not in Compliance (NIC) Review. Eight TFFR Compliance Audits are currently in progress. The eight audits currently in progress represent the end of the third audit cycle. It is the intention of Audit Services to focus available resources on concluding the third audit cycle by late 2016.

It was initially anticipated that the third audit cycle may conclude sooner than expected, therefore six audit notifications were sent to employers in the fourth audit cycle. Information has been received and as a result six employer audits are currently pending but not yet started. Given that available resources are being focused on concluding the third audit cycle, all six employers have been notified that a delay has occurred and contact will be made once their audit is underway. At this time Audit Services does not anticipate notifying any additional employers of upcoming audits until the end of 2016.

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 employer over a five year period.

• **TFFR File Maintenance Audits**

Audit Services tests changes made to TFFR member account data by RIO employees on a quarterly basis. Audit tables are generated and stored indicating any file maintenance changes made to member accounts. The TFFR File Maintenance Audit for the first quarter of fiscal year 2016 was completed and no exceptions were noted.

Administrative and Investment Audit Activities

• **Executive Limitation Audit**

Work on the Executive Limitation Audit for calendar year 2015 commenced in November 2015. On an annual basis Audit Services reviews the Executive Director/CIO's level of compliance with SIB Governance Manual Executive Limitation policies A-1 through A-11. Executive Limitation A-2 references staff relations. In an effort to gain insight into the relationship which exists between the Executive Director/CIO and staff an organization wide employee survey is conducted to provide employees the opportunity to evaluate the effectiveness of the Executive Director/CIO in the area of leadership, communication, and valuing employees. This survey was administered in December 2015 and the results will be incorporated into the final audit report.

- **Investment Performance Summary Review**

At the request of the Executive Director/CIO Audit Services was asked to review the reasonableness of the "Investment Performance Summary" table in RIO's CAFR for the last five fiscal years ended June 30, 2015 and annualized returns for the 3, 5, 10, and 20 year periods ended June 15, 2015. Audit work on the Investment Performance Summary Review commenced in December 2015. Work has been done with the Fiscal and Investment Operations Manager in the last several months in an effort to devise an audit approach and locate source data which will allow for the recalculation of the Investment Performance Summary table which appears in the CAFR. Necessary data was obtained in February 2016 and it is anticipated that this audit will conclude prior to the close of the current fiscal year.

Professional Development Activities

Audit Services continues to pursue networking and professional development opportunities via the IIA's local chapter, Central Nodak. In October 2015 the Supervisor of Audit Services participated in the IIA's annual student night as a round table discussion leader and staff attended a seminar entitled "How to Audit...Better!" presented by John J. Hall. Staff also attended a risk management seminar presented by Danny M. Goldberg in November 2015. In December 2015 the Supervisor of Audit Services was elected to a leadership position within the Central Nodak IIA Chapter. In January 2015 a professional development plan was approved for the Supervisor of Audit Services which is nearing completion. As of November 2015 the Supervisor of Audit Services has completed Part I and Part II of the three part Certified Internal Auditor Exam (CIA).

Summary

Audit effort is directed to activities that are of greatest concern to the SIB Audit Committee, RIO Management, and our external audit partners. Audit Services will continue to work closely with the SIB Audit Committee, RIO Management, and our external audit partners to continue to improve overall efficiency, effectiveness, and economy of total audit activity.

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
KULM PUBLIC SCHOOL DISTRICT
OCTOBER 1, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2012/13 through 2013/14 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 *Schedule 1 - 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 *Schedule 1 - 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 2012/13 through 2013/14. 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 for fiscal years 2012/13 through 2013/14 reported by the Kulm Public School District are in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District under reported contract salary for one member.
2. The District reported service hours incorrectly for one member.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

Finding 1:

The District under reported contract salary for one member. A deduction for an absence without pay was made to the contract salary of one member. This deduction was made in error. The District subsequently identified the error and repaid the member. The District failed to report this additional payment and remit the required contributions to TFFR. RIO will correct the member's account and notify them that a correction has been made to their account. It is the District's responsibility to collect the contributions due. (Please reference *Schedule 1 – Primary Test and Change in Salaries and Contributions* worksheet.)

Finding 2:

The District reported service hours incorrectly for one member. Corrections to the member's account will not be made as the member earned a full year of service in another District. It is important to note that the District is required to report actual hours worked by part-time members to TFFR.

The net amount of the contributions owed by the District is \$187.87. An invoice for the net amount of contributions due is included. Please reference attached *Schedule 2 – Salary Correction Summary*. **Please provide payment for the contributions owed and a written response on the District's intent to correct the above findings by November 6, 2015.**

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.



Terra L. Miller Bowley
Supervisor of Audit Services

Enclosures

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
FARGO PUBLIC SCHOOL DISTRICT
OCTOBER 19, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2012/13 through 2013/14 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 *Schedule 1 - 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 *Schedule 1 - 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 2012/13 through 2013/14. 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 for fiscal years 2012/13 through 2013/14 reported by the Fargo Public School District are generally in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District reported ineligible cell phone expense reimbursement for one member.
2. The District reported eligible summer salary in the wrong fiscal year for one member.
3. The District reported eligible continuing education salary in the wrong fiscal year for one member and failed to report eligible continuing education salary for one member.
4. The District reported salary and service hours for one member without a written agreement.
5. The District reported salary and service hours earned prior to and after a time certain contract was in force for one member.
6. The District reported service hours incorrectly for one member.
7. The District did not issue written agreements to summer school administrator(s).
8. The District did not report actual hours worked by retirees who have returned to covered employment.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

TFFR strongly recommends that the District undertake a review of current payroll record keeping practices. During the course of the audit the District had significant difficulty producing documentation requested to support many of the items included in the audit, in particular salary paid to members under extended time, miscellaneous, and CEU pay codes. Written documentation describing payment details is critical in determining if salary or special payments are eligible TFFR Retirement Salary. Such documentation will be required by the staff of the RIO and the TFFR Board when considering such matters.

Finding 1:

The District reported ineligible cell phone expense reimbursement for one member. The member received reimbursement for the purchase of a cell phone. The amount of the expense reimbursement was reported to TFFR as eligible salary. Fringe benefits or side, non-wage benefits which accompany or are in addition to a member's employment including expense allowances are considered ineligible or non-reportable salary. Due to the immaterial amount of the error no corrections will be made to the member's account. *(Please reference Schedule 1 – Primary Test)*

Finding 2:

The District reported eligible summer salary in the wrong fiscal year for one member. The member earned summer salary as a proctor in June which was reported to TFFR by the District in July of the next fiscal year. Eligible salary is to be reported in the fiscal year in which the salary is earned. Since the member earned a full year of service credit, there will be no corrections needed to service hours. The error caused an overpayment of member and employer contributions due to a contribution rate change in 2012/2013 when the eligible salary was reported. RIO will notify the member that adjustments have been made to their account and refund the excess member and employer contributions. *(Please reference Schedule 1 – Primary Test and Changes in Salaries and Contributions worksheet.)*

Finding 3:

The District reported eligible continuing education salary in the wrong fiscal year for one member and failed to report eligible continuing education salary for one member.

One member received reimbursement for participation in a professional development activity which occurred in or prior to June which was reported to TFFR by the District in July of the next fiscal year. Eligible salary is to be reported in the fiscal year in which the salary is earned. Since the member earned a full year of service credit, there will be no corrections needed to service hours. The error caused an overpayment of member and employer contributions due to a contribution rate change in 2012/2013 when the eligible salary was reported. RIO will notify the member that adjustments have been made to their account and refund the excess member and employer contributions. *(Please reference Schedule 1 – Primary Test and Changes in Salaries and Contributions worksheet.)*

One member received reimbursement for participation in a professional development activity which was not reported to TFFR by the District. Reimbursement received for in-service/workshops/professional development (excluding reimbursement for expenses or tuition) is considered eligible or reportable salary. Since the member earned a full year of service credit, there will be no corrections needed to service hours. The error caused an underpayment of member and employer contributions. RIO will notify the member that adjustments have been made to their account. *(Please reference Schedule 1 – Primary Test and Changes in Salaries and Contributions worksheet.)*

Finding 4:

The District reported salary and service hours for one member without a written agreement. A written agreement can be a contract, school board minutes, or other official document evidencing a contractual relationship between a teacher and a participating employer. If written agreements are not issued to teachers from outside the District or teachers without a continuing contract with the District, the salary is not reportable to TFFR. Contributions paid will be refunded and service hours reduced. RIO will notify the member that adjustments have been made to their account.

(Please reference Schedule 1 – Primary Test, Changes in Salaries and Contributions worksheet, and Service Hours Correction worksheet.)

Finding 5:

The District reported salary and service hours earned prior to and after a time certain contract was in force for one member. For those members who are contracted using a time certain contract (a contract which states a specific term of employment using a range of dates) eligible salary is reportable to TFFR for the time period the contract is in force. Salary earned prior to the contracted time period and following the contracted time period would not be reportable to TFFR. The error caused an overpayment of member and employer contributions. Contributions paid will be refunded and service hours reduced. RIO will notify the member that adjustments have been made to their account. *(Please reference Schedule 1 – Primary Test, Changes in Salaries and Contributions worksheet, and Service Hours Correction worksheet.)*

Finding 6:

The District reported service hours incorrectly for one member. Corrections will be made to the member account. RIO will notify the member that adjustments have been made to their account. *(Please reference Service Hours Correction worksheet.)*

Finding 7:

The District did not issue written agreements for summer school administrator(s). TFFR recommends that the District provide written agreements for all members. A written agreement can be a contract, school board minutes, or other official document evidencing a contractual relationship between a teacher and a participating employer. If written agreements are not issued to a teacher from outside the District or teachers without a continuing contract with the District, the salary would not be reportable to TFFR.

Finding 8:

The District did not report actual hours worked by retirees who have returned to covered employment. State law allows retirees who are receiving TFFR retirement benefits to return to covered employment under certain limitations. If the retiree exceeds these limitations, TFFR must discontinue payment of retirement benefits. One such limitation which must be adhered to is the General Rule – Annual Hour limit, retirees who return to covered employment under the General Rule are restricted in the hours which can be worked based on the length of the contract issued. The District is required to report actual hours worked by retirees who have returned to covered employment to TFFR.

The net amount of the contributions overpaid by the District is \$440.33. The check for the amount overpaid will be sent to the Business Manager. Please reference attached *Schedule 2 – Salary Correction Summary*. **Please provide a written response on the District's intent to correct the above findings by November 20, 2015.**

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.



Terra L. Miller Bowley
Supervisor of Audit Services

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
WILMAC SPECIAL EDUCATION UNIT
OCTOBER 19, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 employer for the 2012/13 through 2013/14 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 *Schedule 1 - 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 *Schedule 1 - Primary Test*.

The Primary Test did not disclose any reporting procedure used by the employer that would affect a large portion of the population for fiscal years 2012/13 through 2013/14. 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 for fiscal years 2012/13 through 2013/14 reported by the Wilmac Special Education Unit are in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following finding was noted.

1. The Special Education Unit reported summer salary and service hours without a written agreement for two members.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that employer personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

Finding 1:

The Special Education Unit reported summer salary and service hours without a written agreement for two members. The Special Education Unit reported salary and service hours earned in July for two members without a continuing contract with the Special Education Unit. The Special Education Unit does not issue written agreements for summer school. If written agreements are not issued to a teacher from outside the Special Education Unit or to teachers without a continuing contract with the Special Education Unit salary and service hours are not reportable. TFFR recommends that the Special Education Unit provide written agreements for all members. A written agreement can be a contract, school board minutes, or other official document evidencing a contractual relationship between a teacher and a participating employer. The lack of written agreements for summer school was also noted in the previous audit conducted in 2009. The member accounts will be corrected, member/employer contributions will be refunded and service hours will be reduced. RIO will notify the members that adjustments have been made to their accounts. (Please reference *Schedule 1 – Primary Test, Changes in Salaries and Contributions Worksheet, and Service Hour Correction Worksheets.*)

The net amount of the contributions overpaid by the District is \$185.36. The check for the amount overpaid will be sent to the Business Manager. Please reference attached *Schedule 2 – Salary Correction Summary*. **Please provide a written response on the Special Education Unit's intent to correct the above finding by November 25, 2015.**

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.



Terra L. Miller Bowley
Supervisor of Audit Services

Enclosures

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
MAPLE VALLEY PUBLIC SCHOOL DISTRICT
OCTOBER 21, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2012/13 through 2013/14 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 *Schedule 1 - Primary Test, Schedule 1A - Primary Test, Schedule 1B - Primary Test, Schedule 1C - 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 *Schedule 1 - Primary Test, Schedule 1A - Primary Test, Schedule 1B - Primary Test, Schedule 1C - 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 2012/13 through 2013/14. 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 for fiscal years 2012/13 through 2013/14 reported by the Maple Valley Public School District are generally in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District reported coaching salary and service hours without a written agreement for one member.
2. The District reported coaching salary and service hours for one member ineligible for TFFR membership.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

TFFR strongly recommends that the District provide written agreements for all individuals for all teaching, supervisory, administrative, and extracurricular services. A written agreement can be a contract, school board minutes, or other official document evidencing a contractual relationship between an individual and a participating employer. If written agreements are not issued to individuals from outside the District or to individuals without a continuing contract with the District, salary and service hours would not be reportable. The lack of written agreements was also noted in the previous audit conducted in 2007. The District's failure to issue written agreements has once again caused reporting errors.

Finding 1:

The District reported coaching salary and service hours without a written agreement for one member. The member earned a full year of service credit in another District. No corrections will be required to service hours, however it is important to note that the District is required to report actual hours worked by part-time members to TFFR. Contributions paid will be refunded. RIO will notify the member that adjustments have been made to their account. Please reference *Schedule 1 – Primary Test and Changes in Salaries and Contributions Worksheet*.

Finding 2:

The District reported coaching salary and service hours for one member ineligible for TFFR membership. To be eligible for TFFR membership individuals must be currently licensed to teach in North Dakota and contractually employed in teaching, supervisory, administrative, or extracurricular services by a governing body of a North Dakota school district. The member's teaching license was allowed to lapse and the member has never been contractually employed with the District. Contributions paid will be refunded and service hours reduced. RIO will notify the member that adjustments have been made to their account. Please reference *Schedule 1A – Primary Test, Schedule 1B – Primary Test, Schedule 1C – Primary Test, Changes in Salaries and Contributions – 1A Worksheet, Changes in Salaries and Contributions – 1B Worksheet, Changes in Salaries and Contributions – 1C Worksheet, and Service Hours Correction Worksheet*.

The amount of the contributions overpaid by the District is \$23,475.67. A check for the amount of the contributions overpaid will be issued within 60 days. Please reference attached *Schedule 2 – Salary Correction Summary, Schedule 2A – Salary Correction Summary, Schedule 2B – Salary Correction Summary, Schedule 2C – Salary Correction Summary, and Schedule 2D – Salary Correction Summary* for additional details. **Please provide a written response on the District's intent to correct the above findings by November 20, 2015.**

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.



Terra L. Miller Bowley
Supervisor of Audit Services

Enclosures

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
STARKWEATHER PUBLIC SCHOOL DISTRICT
DECEMBER 3, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 employer for the 2013/14 through 2014/15 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 *Schedule 1 - 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 *Schedule 1 - Primary Test*.

The Primary Test did not disclose any reporting procedure used by the employer that would affect a large portion of the population for fiscal years 2013/14 through 2014/15. 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 for fiscal years 2013/14 through 2014/15 reported by the Starkweather Public School District are in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District reported salary and service hours without a written agreement for one member.
2. The District reported contract salary after deduction of insurance premiums for one member.
3. The District reported service hours incorrectly for one member.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

Finding 1:

The District reported salary and service hours without a written agreement for one member. A written agreement can be a contract, school board minutes, or other official document evidencing a contractual relationship between an individual and a participating employer. If written agreements are not issued to individuals from outside the District or to individuals without a continuing contract with the District, salary and service hours would not be reportable. Service hours will be reduced and contributions paid will be refunded. RIO will notify the member that adjustments have been made to their account. Please reference *Schedule 1 – Primary Test, Changes in Salaries and Contributions Worksheet*, and *Service Hours Correction Worksheet*.

Finding 2:

The District reported contract salary after deduction of insurance premiums for one member. Insurance premiums were deducted from contract salary in error causing salary and contributions to be underreported to TFFR. The reported salary amount will be corrected and the District will be billed for contributions owed. No correction is required to service hours. RIO will notify the member that adjustments have been made to their account. Please reference *Schedule 1 – Primary Test* and *Changes in Salaries and Contributions Worksheet*.

Finding 3:

The District reported service hours incorrectly for one member. The District is required to report actual hours worked by part-time staff members. No correction is required to service hours as the member earned a full year of service credit in another District.

The net amount of the contributions overpaid by the District is \$730.84. A check for the amount overpaid will be sent to the Business Manager. Please reference attached *Schedule 2 – Salary Correction Summary* for additional details. **Please provide a written response on the District's intent to correct the above findings by January 8, 2016.**

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.



Terra L. Miller Bowley
Supervisor of Audit Services

Enclosures

2

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
LITCHVILLE- MARION SCHOOL DISTRICT
DECEMBER 17, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2012/13 through 2013/14 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 Schedule 1 - Primary Test).

The Schedule 1 - 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 Schedule 1 - Primary Test).

The Schedule 1 - Primary Test did not disclose any reporting procedure used by the District that would affect a large portion of the population for fiscal years 2012/13 through 2013/14. 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.

FINDING

In our opinion, for the time period covered in the audit, the retirement salaries for fiscal years 2012/13 through 2013/14 reported by the Litchville-Marion School District were in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following finding was noted.

Service hours were reported incorrectly for three members.

3

RECOMMENDATION AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

Finding:

The District reported service hours incorrectly for three members. For a part-time teacher, it is important to report the actual service hours for all activities (contract, workshops, extra-curricular activities, etc). One of the member's accounts will be corrected and the member will be notified about the account changes (see Service Hours Correction Worksheet). Two of the three members' service hours will not be corrected because they earned a full year of service in another District.

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 Thorsen
Auditor

Enclosures

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**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
WING SCHOOL DISTRICT
DECEMBER 17, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2013/14 through 2014/15 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 Schedule 1-Primary Test).

The Schedule 1-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 Schedule 1-Primary Test).

The Schedule 1-Primary Test did not disclose any reporting procedure used by the District that would affect a large portion of the population for fiscal years 2013/14 through 2014/15. 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 for fiscal years 2013/14 through 2014/15 reported by the Wing School District were in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District did not issue written agreements for summer salary.
2. Service hours were reported incorrectly for one member.

3

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/riol/TFFR/Publications.

Finding 1:

The District did not issue written agreements for summer salary. For a member to be reported to TFFR, the member must have a current license and a written agreement with the District. TFFR recommends that the District provide written agreements to **all** members for summer salary. A written agreement can be a contract, school board minutes or other official document evidencing a contractual relationship between a teacher and a participating employer. If written agreements are not issued to a teacher from outside the District or teachers without a continuing contract with the District, the salary would not be reported. All the teachers in the sample that taught summer school had continuing agreements; therefore, no corrections were made due to this error.

Finding 2:

The District reported service hours incorrectly for one retired member who had returned to teach. There will be no correction to the account because the hours reported did not exceed maximum reportable hours allowed by TFFR. This was an isolated error because the District had procedures in place to monitor the service hours reported.

Please provide a written response on the District's intent to correct the error in Finding 1 in future reporting to TFFR by January 22, 2016.

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 Thorsen
Auditor

Enclosures

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
FORDVILLE-LANKIN SCHOOL DISTRICT
DECEMBER 28, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2012/13 through 2013/14 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 Schedule 1- Primary Test).

The Schedule 1-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.

The Schedule 1-Primary Test did not disclose any reporting procedure used by the District that would affect a large portion of the population for fiscal years 2012/13 through 2013/14. 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 for fiscal years 2012/13 through 2013/14 reported by the Fordville-Lankin School District were in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District overpaid summer salary for one member.
2. The District did not report eligible after-school and subbing salary for three members.

3. The District did not actively monitor a retiree who had returned to covered employment to ensure they do not exceed the maximum allowable hours.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

Finding 1:

The District overpaid summer salary in June 2015 for one member. This was an isolated occurrence. RIO will notify the member that an adjustment has been made to the account. It is the responsibility of the District to reimburse the overpaid contributions to the member (see Schedule 1 - Primary Test and the Changes in Salaries and Contributions Worksheet).

Finding 2:

The District did not report eligible after-school and subbing salary for three members. The error was the result of isolated programming errors. Due to the immaterial amount of the errors, no corrections will be made to the member accounts (see Schedule 1 - Primary Test).

Finding 3:

The District reported actual hours to TFFR per the contract for a retired teacher who returned to teach. However, they did not actively monitor the retiree's hours to ensure they do not exceed the maximum allowable hours. For example, extended days or in-staff subbing hours are applied to the actual hours reported to TFFR. State law allows retirees who are receiving TFFR retirement benefits to return to covered employment under certain limitations. If the retiree exceeds these limitations, TFFR must discontinue payment of retirement benefits. One such limitation which must be adhered to is the General Rule - Annual Hour limit, retirees who return to covered employment under the General Rule are restricted in the hours which can be worked based on the length of the contract issued. The District is required to report actual hours worked by retirees who have returned to covered employment to TFFR. It is recommended that the District establish procedures to monitor retirees who have returned to covered employment to ensure proper reporting of hours to TFFR.

The amount of contributions overpaid by the District is \$73.43 (see Summary Schedule 2). The check for the amount overpaid will be sent to the Business Manager. Please provide a written response on the District's intent to correct the above errors in future reporting to TFFR by February 5, 2016.

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 Thorsen
Auditor

Enclosures

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
WEST FARGO SCHOOL DISTRICT
NOVEMBER 12, 2015**

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 RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

SCOPE

This audit is designed to test the accuracy of retirement salaries and contributions 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 2012/13 through 2013/14 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 2012/13 through 2013/14. 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 for fiscal years 2012/13 through 2013/14 reported by the West Fargo School District were generally in compliance with the definition of salary as it appears in NDCC 15-39.1-04 (9). The following findings were noted.

1. The District reported salary in the wrong fiscal year for four members (also affected service hours).
2. The District did not issue written agreements for summer salary (also affected service hours).
3. Service hours were reported incorrectly for nine members.

RECOMMENDATIONS AND CORRECTIVE ACTION

TFFR recommends that District personnel review the *TFFR Employer Guide* for assistance in reporting salary to TFFR. The website address is www.nd.gov/rio/TFFR/Publications.

Finding 1:

The District reported summer salary in the wrong fiscal year for four members. Salary is reportable in the fiscal year in which the pay is earned. The District was not notified by the member about the June summer payment until July of the next fiscal year. When this situation occurs, it is important to notify TFFR so that the salary can be moved to the correct year. By reporting the salary in the wrong year, the member was credited with too many hours of service. The salary will be moved to the correct fiscal year and service hours will be corrected for three of the members (see Schedule 1-Primary Test, Worksheet for Changes in Salaries and Contributions and Service Hours Corrections for the Member). There will be no correction to the fourth member's account because the account has been closed. RIO will notify the three members that adjustments have been made to their accounts.

Finding 2:

The District did not issue written agreements for summer salary. For a member to be reported to TFFR, the member must have a current license and a written agreement with the District. TFFR recommends that the District provide written agreements to **all** members. A written agreement can be a contract, school board minutes or another official document evidencing a contractual relationship between a teacher and a participating employer. If written agreements are not issued to a teacher from outside the District or teachers without a continuing contract with the District, the salary would not be reported. Five members did not have a written agreement or continuing agreement with the District in 2012/13 and 2013/14. Summer salary, contributions for the summer salary, and service hours will be deleted for two members (See Schedule 1-Primary Test, the Worksheet for Changes in Salaries and Contributions, and Service Hours Corrections for the members). RIO will notify the members that adjustments have been made to their accounts. It is the responsibility of the District to refund the contributions owed to the member. Three member's accounts will not be corrected because the accounts were closed or the amount was immaterial.

Finding 3:

The District reported service hours incorrectly for nine members. Eight of the nine accounts will be corrected and the members will be notified about the account changes (see Service Hours Corrections for each Member). One member's account was not corrected because the year the error occurred had been refunded.

The amount of contributions overpaid by the District is \$523.81 (See Summary Schedule 2). The check for the amount overpaid will be sent to the Business Manager. Please provide a written response on the District's intent to correct the above errors in future reporting to TFFR by December 16, 2015.

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 Thorsen
Auditor

Enclosures

Audit Services – North Dakota Retirement and Investment Office
TFFR File Maintenance Audit
July 1, 2015 – September 30, 2015
Final Audit Report
November 17, 2015

Background

On a quarterly basis the Audit Services Division of the Retirement and Investment Office (RIO) reviews system generated (CPAS) audit tables to ensure transactions initiated by staff are expected and appropriate given an individual's role within the organization. The accuracy of month end reporting of lump sum payments and installment purchases of service credit is also verified along with the updating of contact and demographic information on member accounts. This review is a part of the Audit Services Division continuous monitoring activities.

Results Summary

Audit Services determined that audit table transactions which occurred in the first quarter of fiscal year 2016 for all user IDs were expected and appropriate based on the organizational role held by the individual who initiated the transactions. Month end reporting of lump sum payments and installment purchases of service credit was accurate. The staff of Retirement Services adhered to established procedures for the processing of purchases, refunds, rollovers, and partial lump sum options (PLSO). Actuarially significant contact and demographic information on member accounts was updated and documentation was retained on FileNet.

Scope

Audit information is obtained throughout the quarter under review. System generated audit table reports are run quarterly by Audit Services staff. Staff roles and responsibilities and departmental procedures are verified at least annually and as needed throughout the year with Division management. System generated reports of lump sum payments and installment purchases of service credit are provided monthly by the Information Services Division which also provides a listing of system User IDs, security roles, and any changes to either on a yearly basis. Each staff member within the Information Systems Division also provides a change documentation log which details transactions completed and who requested each transaction. Member Action Forms (SFN 50981 5-14) are collected in the first quarter of each fiscal year with the assistance of the Office Assistant. Actual audit work commences the month following the end of each quarter.

- Phase I –
 - Review audit table reports for all CPAS User IDs which have listed transactions.
 - Identify transactions and investigate further any transactions which do not appear to be usual and customary.
- Phase II –
 - Review accuracy of month end reporting of lump sum payments and installment purchases of service credit.
 - Sample selection and testing of the processing of purchases, refunds, rollovers, and partial lump sum options (PLSO) determining level of adherence to established procedures.
- Phase III –
 - Sample selection and testing of member account updates to contact and demographic information.

Observations, Conclusions and Recommendations

Observations, Conclusions and Recommendations Phase I

CPAS generated audit tables log transactions initiated by staff, each of whom is assigned a unique user ID. The transactions are related to the day to day business operations of the Teachers' Fund for

Retirement (TFFR). Audit Services staff reviews transactions for appropriateness based on the organizational role of the individual assigned to each user ID. Any transactions which do not appear to be usual and customary are investigated further.

- Currently there are twenty-eight unique user IDs that are authorized to access CPAS.
- Nine user IDs had transactions initiated by staff or employers.
- Further investigation was required on fifty-four transactions and all issues were resolved.

Audit Services determined that audit table transactions which occurred in the first quarter of fiscal year 2016 for all user IDs were expected and appropriate based on the organizational role held by the individual who initiated the transactions.

Observations, Conclusions and Recommendations Phase II

The NDRIO Lump Sum Payment Register lists all refunds, rollovers, and PLSOs paid to members each month. The TFFR Installment Purchase of Credit report lists the current status each month of all in progress installment purchases of service credit. Audit Services verifies that the entries on these two system generated reports correspond to a transaction on an audit table.

- Each entry on the NDRIO Lump Sum Payment Register was matched to a corresponding transaction on a table report for the first quarter of fiscal year 2016.
- Each entry on the TFFR Installment Purchase Report was matched to a corresponding transaction on a table report for the first quarter of fiscal year 2016.

Additional testing was completed on three entries selected from the NDRIO Lump Sum Payment Register. This included one member initiated account refund, one refund resulting from the death of a member, and one retirement where the member selected a PLSO. Additional testing was completed on one entry selected from the TFFR Installment of Purchase Credit Report. This included an installment purchase for air time service credit. For all four sample entries selected:

- Entries were handled per procedures established by Retirement Services – Refund Eligibility Procedures, Presumptive Retirement Process, Purchase of Service Credit Procedures, and Obtaining Death Certificate Procedures.
- Required supporting documentation was located on FileNet.
- Corresponding system process (Termination/Refund, Death, Retirement, and Purchase of Service) was located on CPAS under the individual member accounts.
- No discrepancies were identified between required supporting documentation and CPAS system information.

Audit Services determined that month end reporting of lump sum payments and installment purchases of service credit was accurate. The staff of Retirement Services adhered to established procedures for the processing of purchases, refunds, rollovers, and partial lump sum options (PLSO).

Observations, Conclusions and Recommendations Phase III

Member Action Forms are submitted to TFFR by members who are updating their status with the pension fund. For example a member may be enrolling in TFFR, returning to covered employment after a period of inactivity, or changing/adding a participating employer. Members can also designate or update a beneficiary via a Member Action Form. For the eight sample forms selected:

- One Member Action Form is pending entry into CPAS. The Member Action Form was located in the processing queue. Follow-up will be conducted next quarter to ensure member account was properly updated.
- Five member accounts were updated correctly and the Member Action Forms were properly uploaded and retained in FileNet.

- One member account was not fully updated per the information provided by the member on the Member Action Form. Although work phone number and beneficiary address are not actuarially significant information every effort should be made to fully update a member's account. The failure to fully update a member account has been noted repeatedly. The Member Action Form was properly uploaded and retained in FileNet.

Audit Services determined that actuarially significant contact and demographic information on member accounts was updated and documentation was retained on FileNet.

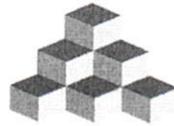
Distribution:

David Hunter, Executive Director/CIO
Fay Kopp, Deputy Executive Director/Chief Retirement Officer
Shelly Schumacher, Retirement Program Manager
Connie Flanagan, Fiscal and Investment Operations Manager
Rich Nagel, Supervisor of Information Systems



The Institute of
Internal Auditors
Central NoDak Chapter

Presents:



JOHN J. HALL

Simple steps, extraordinary results –
in business, in life!™

“How to Audit...*Better!*”

October 13-14, 2015

**MDU Resources Group, Inc.
1200 W. Century Avenue
Bismarck, ND**

Summary

This powerful seminar contains our **BEST** ideas for internal auditors. The fast-paced format is packed with 'how to' advice on individual, department and audit project effectiveness. Participants will leave the program with a tailored list of action items that they can use on the job immediately. Short on theory and deep into 'what to do' instructions, the lecture, discussion, exercises and case examples provide a structure for applying leading edge ideas efficiently and effectively in any audit group and on any audit project.

Learning Objectives

Participants will learn:

- ✓ *Better!* risk assessment and audit plans
- ✓ *Better!* audit project planning
- ✓ *Better!* execution and fieldwork
- ✓ *Better!* audit communications and reporting
- ✓ *Better!* audit staff skill development – technical, behavioral, and leadership
- ✓ *Better!* use of continuous auditing and monitoring of key indicators

Day 1 – October 13, 2015

- ✓ Opening lecture: "**The Goal is...Better!**"
- ✓ Applying the **Do What You Can! Six-Step System** to personal and departmental team goals
- ✓ The practical problems solved by *Better!* auditing
- ✓ The auditor's role in process improvement and driving change
- ✓ How audit effectiveness is measured
- ✓ Developing and using *Better!* audit project practices
- ✓ Communicating *Better!*
- ✓ Executing *Better!*
- ✓ Reporting *Better!*
- ✓ Follow-up *Better!*
- ✓ The 10 reasons controls break down

Day 2 – October 14, 2015

- ✓ Developing *Better!* auditors
- ✓ The IIA International and IIA Australia Internal Audit Competency Frameworks (quick lecture)
- ✓ The *Better!* Internal Auditor Competency Framework:
 - Level 1: Mastery of Core Competencies
 - Level 2: Mastery of Interpersonal and Communication Skills
 - Level 3: Mastery of Auditor Internal Consulting Skills
- ✓ Negotiation, persuasion and influence – how and when to use each
- ✓ The role of coaches

Please note: The seminar is designed as a two-day course. Single day attendance is permitted; however, Day 2 programming builds on the materials presented on Day 1.

Seminar Presenter

John Hall is the founder and President of Hall Consulting, Inc. and the author of the award-winning book *“Do What You Can! Simple Steps–Extraordinary Results”*. He is also the developer and author of *The Anti-Fraud Toolkit* – a self-paced system for leading a **Anti-Fraud Campaign** in any size organization.



Through live and recorded programs, performance coaching, and business consulting engagements, John helps program participants and client team members:

- Improve organizational and personal performance
- Enhance the effectiveness of business processes and individual behavior
- Improve interpersonal and communications skills
- Identify and improve areas of exposure to business risk, wrongdoing, and fraud

Speaking, training, coaching and consulting areas include:

- Personal and work group effectiveness, team building and motivation
- Communication and interpersonal behavior skills enhancement, including:
 - Establishing rapport and trust
 - Interviewing and listening
 - Speaking and presenting
 - Selling ideas and influencing others to take action
 - Audit and management leadership
 - Collaboration and consulting skills for professionals
- Fraud prevention, early detection and incident response

In January 2014, John published ***The Anti-Fraud Toolkit*** – a self-guided system for business fraud prevention and prompt detection. In 9 learning modules and 5 hours of video-recorded lectures, users can strengthen anti-fraud defenses and learn exactly ‘how-to’ reduce losses, find incidents more quickly, and handle them efficiently. ***The Anti-Fraud Toolkit*** uses the action steps John developed over 20 years in his client consulting and training engagements.

In total, Mr. Hall has 35 years of experience as a professional speaker, consultant, corporate executive, and business owner. In addition to operating his own businesses since 1990, he has worked in senior leadership positions in large corporations and international public accounting firms. John is a **Certified Board Advisor**, and a member of the National Speakers Association, the American Institute of CPAs, and the Institute of Internal Auditors.

Meet John at www.JohnHallSpeaker.com



Presents:

Danny M. Goldberg, Founder



**Assessing Risk: Enterprise, Audit
and How to Effectively Interview**

**November 18, 2015
1:30 – 5:00 p.m.**

**MDU Resources Group, Inc.
1200 W. Century Avenue
Bismarck, ND**

Summary

A four-hour course on understanding the basics of risk and risk assessment and how to effectively interview and compile results. Assessing risk continues to be an important role in every profession. How to assess risk, what risks to assess and how to effectively interview for risk are cornerstones for operating successful businesses in today's rapidly changing world. This course will take attendees through the assessment process and provide new ideas on how to gather and utilize the information.

Who Should Attend

Auditors and other business professionals who would like to learn more about basic risk assessment skills and how to apply them to processes and gather relevant information.

Learning Objectives

- ✓ Learn the basics of risk assessment, including enterprise and audit-level risks
- ✓ Understand the main differences between enterprise and audit risks
- ✓ How to interview and gather information effectively

Course Outline

- Introduction and Background
- ERM Overview
 - a. What is ERM?
 - b. Why is it important?
 - c. What are the key components?
- COSO ERM Model
 - a. Executive Summary
 - b. Changes to the COSO Framework
 - c. Key Components of the COSO Framework
- Audit Risk Assessment
 - a. Building an Audit Universe
 - b. How to Gather Data
 - c. Utilizing Surveys Effectively
- Effective Interviews
 - a. The Quick and Dirty Risk Assessment
 - b. What Questions You Should Ask
 - c. The Interview Environment
 - d. Quality Interviewing Techniques
 - e. Follow-Up
- Summary and Wrap-Up

Seminar Presenter

Danny M. Goldberg is a well-known speaker on internal auditing and People-Centric Skills. **Danny co-authored People-Centric© Skills: Communication and Interpersonal Skills for Internal Auditors**, via Wiley Publications. This is the first book published specifically to address the wide-ranging topic of communication skills for internal auditors. It will be offered through the IIA and ISACA bookstores in fall, 2015.



Additionally, Danny was named as one of the Fort Worth Business Press 40 Under 40 for 2014. He has also published numerous articles in trade magazines, including:

- *HFTP Journal: Practice Ethics* (November 2014)
- *The Audit Report* (Critical Thoughts on Critical Thinking, June 2013) – Cover Article
- *ISACA Journal* (The Missing Piece: Optimized Interpersonal Skills, Volume 3, 2012)
- *Dallas Business Journal* (The Yes Man Phenomenon, January 2011)
- *Internal Auditor* Articles (August 2007, December 2007, October 2010)
- *Bureau of National Affairs* – Internal Audit: Fundamental Principles and Best Practices (Professional Commentator) – Book authored by renowned audit scholars Curtis C. Verschoor and Mort A. Dittenhofer – co-author of **Sawyer's Internal Auditing**

Mr. Goldberg has been recognized as a top speaker at numerous events over the past three years, including:

- Asked to Speak at 2015 IIA All-Star Conference (Invitation Only)
- One of the Top Rated Sessions, 2015 IIA GAM Conference
- 8th rated speaker – 2015 MISTI AuditWorld
- 3rd and 10th rated speaker – 2014 and 2015 ISACA CACS
- One of the Top Rated Speakers, 2014 IIA All-Star Conference
- 4th rated speaker – 2014 IIA All-Star Conference
- 6th and 8th rated speaker – 2013 and 2012 IIA International Conference

Mr. Goldberg is a very active member of the Institute of Internal Auditors, both at a local and national level. Leadership roles include:

- Current IIA Fort Worth Chapter Board Member
- Current IIA Dallas and Fort Worth Chapter Programs Committee Co-Chair (for the past three years)

Danny is a Certified Public Accountant, Certified Internal Auditor, Certified Information Systems Auditor, Certified in the Governance of Enterprise Information Technology, Certified in Risk and Information Systems Control, Certified in Risk Management Assurance, has obtained his Certification in Control Self-Assessment and is a Chartered Global Management Accountant.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
TFFR EMPLOYER AUDIT PROGRESS AND STATUS REPORT
THIRD AUDIT CYCLE**

FISCAL YEAR JULY 1, 2015 - JUNE 30, 2016

	Size	Auditor	School District	Anticipated Notification Timeframe	100% or On-site	Info Request	Info Received	Audit Started	Report Date	Corrections to Retirement Services	Invoice/Check Received from Retirement Services	Status	Members	Days b/w Info Request and Received	Days b/w Info Received and Report	Days b/w Info Received and Start Date	Days b/w Start and Report	Days w/Retirement Services	Audit Findings	Hours to Complete			
1		DT	South Heart School (New Admin 08/14)			5/28/2014	6/9/2014	6/19/2014	8/6/2014	7/21/2014	7/30/2014	Complete	31	12	58	10	48	9	Generally In Compliance	54			
2		DT	Grand Forks - fiscal agent for the Red River Valley Ed. Cooperative			6/18/2013	7/22/2013	3/10/2014	9/10/2014	8/17/2014	9/4/2014	Complete	802	34	415	231	184	18	Generally In Compliance	157			
3		DT	Flasher			2/18/2014	3/17/2014	5/29/2014	9/10/2014	8/26/2014	9/5/2014	Complete	22	27	177	73	104	10	Generally In Compliance	61			
4		DT	Lake Region Spec Ed (New Admin 06/14)			5/28/2014	6/12/2014	9/16/2014	10/10/2014	N/A	N/A	Complete	29	15	120	96	24	N/A	In Compliance	27			
5		DT	Oliver-Mercer Spec Ed			5/28/2014	6/26/2014	9/23/2014	12/8/2014	11/20/2014	12/1/2014	Complete	19	29	165	89	76	11	Generally In Compliance	87			
6		TMB	Nesson (New Admin 06/14)			5/28/2014	6/13/2014	10/20/2014	12/9/2014	12/1/2014	12/8/2014	Complete	25	16	179	129	50	7	Generally In Compliance	35			
7		TMB	Mayville-Portland C-G			9/16/2014	10/17/2014	10/17/2014	12/2/2014	N/A	N/A	Complete	49	31	73	46	27	N/A	In Compliance	22			
8		TMB	Edmore			9/16/2014	11/3/2014	12/19/2014	1/26/2015	1/16/2015	1/23/2015	Complete	16	48	84	46	38	7	Generally In Compliance	36			
9		TMB	Wolford			9/16/2014	10/16/2014	11/24/2014	1/21/2015	N/A	N/A	Complete	12	30	97	39	58	N/A	In Compliance	30			
10	S	TMB	Page	November 2014		11/13/2014	12/15/2014	1/5/2015	2/3/2015	N/A	N/A	Complete	16	32	50	21	29	N/A	In Compliance	21			
11		DT	Devil's Lake	September 2014		9/16/2014	10/13/2014	12/29/2014	3/5/2015	2/20/2015	3/4/2015	Complete	173	27	143	77	66	12	Generally In Compliance	86			
12	S	TMB	Hazleton-Moffitt School** (New Bus Mgr/Admin 06/14)	May 2014		5/28/2014	6/18/2014	2/3/2015	3/6/2015	3/2/2015	3/6/2015	Complete	18	21	261	230	31	4	Generally In Compliance	16			
13	M	TMB	North Border School District	November 2014		11/13/2014	12/19/2014	1/26/2015	3/19/2015	3/18/2015	3/19/2015	Complete	75	36	90	38	52	1	In Compliance	26			
14		DT	Mohall/Lansford/Sherwood (New Bus Mgr)	April 2014		4/23/2014	5/27/2014	12/10/2014	3/20/2015	N/A	N/A	Complete	42	34	297	197	100	N/A	In Compliance	59			
15	S	DT	Montpelier	December 2014		12/29/2014	1/26/2015	3/6/2015	3/27/2015	3/23/2015	3/26/2015	Complete	27	28	60	39	21	3	In Compliance	25			
16	S	TMB	Selfridge	November 2014		11/13/2014	12/30/2014	2/19/2015	3/27/2015	N/A	N/A	Complete	23	47	87	51	36	N/A	In Compliance	17			
17	S	DT	Munich	November 2014		11/13/2014	1/2/2015	2/27/2015	4/1/2015	3/31/2015	3/31/2015	Complete	32	50	89	56	33	0	In Compliance	41			
18	S	TMB	Kensal	December 2014		12/29/2014	2/5/2015	3/11/2015	4/16/2015	N/A	N/A	Complete	21	38	70	34	36	N/A	In Compliance	14			
19	M	TMB	Lewis & Clark School	December 2014		12/29/2014	2/10/2015	3/19/2015	5/1/2015	N/A	N/A	Complete	63	43	80	37	43	N/A	In Compliance	21			
20	S	DT	South Prairie Elementary	November 2014		11/13/2014	12/23/2014	1/14/2015	5/13/2015	4/30/2015	5/11/2015	Complete	40	40	141	22	119	11	In Compliance	61			
21	S	DT	Sheyenne Valley Area Vocation***	December 2014		12/29/2014	3/2/2015	5/7/2015	6/2/2015	N/A	N/A	Complete	11	63	92	66	26	N/A	In Compliance	28			
22	S	DT	Glen Ullin**	May 2014		5/28/2014	7/10/2014	2/12/2015	6/11/2015	6/2/2015	6/4/2015	Complete	24	2/12/1900	336	217	119	2	Not In Compliance	122			
END FISCAL YEAR 2014-2015																							
23	S	TMB	Emerado	March 2015		3/30/2015	4/20/2015	5/5/2015	7/20/2015	7/10/2015	7/17/2015	Complete	22	21	91	15	76	7	Generally In Compliance	40			
24	S	TMB	Billings Co. Sch. District***	September 2014		9/16/2014	10/23/2014	12/8/2014	8/18/2015	7/29/2015	8/12/2015	Complete	18	37	299	46	253	14	Generally In Compliance	62			
25	S	TMB	James River Multidistrict	May 2015		5/26/2015	6/23/2015	6/23/2015	8/18/2015	N/A	N/A	Complete	20	28	56	1	55	N/A	In Compliance	35			
26	S	TMB	New Public School (Williston) (New Admin 06/14)	June 2015		6/25/2015	6/26/2015	7/20/2015	8/26/2015	8/12/2015	8/21/2015	Complete	57	1	61	24	37	9	In Compliance	20			
27	L	TMB	Dickinson	March 2015		3/30/2015	4/2/2015	4/28/2015	8/26/2015	8/12/2015	8/21/2015	Complete	332	3	146	26	120	9	Generally In Compliance	77			
28	S	TMB	Kulm	May 2015		5/26/2015	6/29/2015	8/14/2015	10/2/2015	9/30/2015	10/1/2015	Complete	22	34	95	46	49	1	In Compliance	22			
29	L	TMB	Fargo Original Report: 10/19/2015 Amended Report: 01/11/2016 Columns N - S Reference Original Report	December 2014		12/29/2014	2/4/2015	2/25/2015	10/19/2015 01/11/2016	10/12/2015	10/16/2015	Complete	1333	37	257	21	236	4	Generally In Compliance	107			
30	M	TMB	Wilmac Special Education (Temp Bus Mgr 08/14)	May 2015		4/15/2015	5/13/2015	9/16/2015	10/19/2015	10/14/2015	10/19/2015	Complete	58	28	159	126	33	5	In Compliance	31			
31	L	DT	West Fargo	November 2014		11/13/2014	12/31/2014	3/23/2015	11/16/2015	10/19/2015	11/5/2015	Complete	875	48	320	82	238	17	Generally In Compliance	157			
32	S	TMB	Maple Valley (New Bus Mgr 06/14 & Admin 09/14)	June 2015		6/10/2015	7/16/2015	8/17/2015	10/21/2015	11/23/2015	12/2/2015	Complete	38	36	97	32	65	10	Generally In Compliance	53			
33	S	TMB	Starkweather (Master Payroll File)	September 2015		9/14/2015	10/2/2015	10/19/2015	12/3/2015	11/23/2015	12/2/2015	Complete	14	18	62	17	45	10	In Compliance	70			
34	S	DT	Litchville-Marion	June 2015		6/10/2015	6/26/2015	10/12/2015	12/17/2015	12/14/2015	12/14/2015	Complete	28	16	174	108	66	0	In Compliance	38			
35	S	DT	Wing (New Admin 10/14)	September 2015		9/3/2015	10/1/2015	10/19/2015	12/17/2015	N/A	N/A	Complete	19	28	77	18	59	N/A	In Compliance	30			
36	S	DT	Fordville-Lankin Original Report: 12/28/2015 Amended Report: 01/27/2016 Columns N - S Reference Original Report	June 2015		5/26/2015	6/26/2015	10/2/2015	12/28/2015 01/27/2016	12/22/2015	12/28/2015	Complete	12	31	185	98	87	6	In Compliance	78			
37	S	DT	Ft. Totten	December 2014		12/29/2014	1/30/2015	5/27/2015				In Progress	36	32		117							
38	S	DT	Southeast Region Career and Tech	March 2015		3/30/2015	4/23/2015	7/6/2015				In Progress								**HOLD - FEBRUARY 2016 - TFFR BOARD DECISION**			
39	S	DT	North Valley Area Careers	March 2015		3/30/2015	4/27/2015	8/31/2015				In Progress								**HOLD - FEBRUARY 2016 - TFFR BOARD DECISION**			
40	M	TMB	St John	September 2015		9/4/2015	10/7/2015	10/22/2015				In Progress	42	33		15							
41	S	DT	Warwick	September 2015		9/3/2015	10/2/2015	10/22/2015				In Progress	31	29		20							
42	S	TMB	White Shield (Roseglen) (New Admin 09/14)	September 2015		9/4/2015	10/9/2015	11/6/2015				In Progress	28	35		28							
43	S	TMB	Solen-Cannonball	September 2015		9/4/2015	10/16/2015	11/12/2015				In Progress	29	42		27							
44	S	TMB	Parshall	September 2015		9/4/2015	10/21/2015	12/23/2015				In Progress	35	47		63							
Average:													152	29	149	47	101	7	58				

YTD Assigned			Total Audit Days	Average Audit Days	Audits Completed	Total Hours	Average Hrs	Average Actual Audit Days
8		DT	45	15	3	225	75	9.4
14		TMB	121	12	10	515	52	6.4

NOT IN COMPLIANCE (NIC) REVIEWS

	Size	Auditor	School District	100% or On-site	Info Request	Info Received	Review Started	Report Date	Corrections to Retirement Services	Invoice/Check Received from Retirement Services	Status	Members	Days b/w Info Request and Received	Days b/w Info Received and Report	Days b/w Info Received & Start Date	Days b/w Start and Report	Days w/Retirement Services	Audit Findings	Hours to Complete	
1	S	TMB	Halliday		2/26/2015	3/4/2015	N/A	N/A	N/A	N/A	N/A	11	N/A	N/A	N/A	N/A	N/A	See Explanation Below	N/A	
2	S	DT	McClusky		12/11/2014	12/23/2014	1/26/2015	3/12/2015	N/A	N/A	Complete	18	12	79	34	45	N/A	In Compliance	36	
5	L	DT	Williston		1/7/2014	1/29/2014	4/14/2014	1/29/2015	1/14/2015	1/22/2015	Complete	217	22	365	75	290	8	Not In Compliance	130	
3	S		Ft. Yates																***TFFR Compliance Audit Scheduled for 2015-2016***	

END FISCAL YEAR 2014-2015																				
4	S	TMB	Minnewaukan			3/3/2015	3/25/2015	3/27/2015	8/11/2015	7/16/2015	8/10/2015	Complete	36	22	139	2	137	25	Not In Compliance	43

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES**

TFFR EMPLOYER COMPLIANCE AUDITS

JULY 1, 2015 TO JUNE 30, 2016

	EMPLOYER	FISCAL YEARS	TOTAL MEMBERS	REPORT DATE	EMPLOYER CONTRIB'S DR(CR)	MEMBER SALARY ADJUSTED	MEMBER SERVICE CREDIT ADJUSTED	STATUS		
✕	Audit Pending - (6)				In Compliance		8			
&	Audit in Progress - (8)				Generally in Compliance		6			
✓	Audit Completed - (14)				Not in Compliance (NIC)		1			
✓	NIC Review Completed - (1)						<u>15</u>			
	Audits Carried Over From 2014/15 - (15)									
	NIC Audits Carried Over From 2014/15 - (1)									
	Audit Notifications Sent 2015/16 - (13)									
	NIC Notifications Sent 2015/16 - (0)									
Carry Forward From 2014/15										
Notifications 2014/15										
1	✓	TMB	Billings County School District	6/30/2014, 13	18	8/12/2015	(\$172.63)	1	1	Generally in Compliance The District reported summer salary in the wrong fiscal year and reported service hours incorrectly.
2	✓	TMB	Dickinson	6/30/2014, 13	332	8/21/2015	(\$203.25)	2	8	Generally in Compliance The District reported contract salary and hours without a written agreement, summer salary was reported in the wrong fiscal year, service hours were reported incorrectly, summer agreements were not issued for one member, and the hours of retired teachers who have returned to covered employment are not monitored.
3	✓	TMB	Emerado	6/30/2014, 13	22	7/17/2015	\$4,449.16	3	3	Generally in Compliance The District reported contract salary incorrectly, did not report eligible teachers salary/service, and reported service hours incorrectly.
4	✓	DT	Fordville-Lankin Amended Report	6/30/2014, 13	12	12/31/2015 1/27/2016	(\$73.43) \$73.43	1 1	0 0	In Compliance Did not report eligible in-staff subbing and after school salary, overpaid driver's education salary, and did not monitor hours for a retired teacher who returned to covered employment. Amended report reversed overpayment of driver's education salary.
5	✓	TMB	Fargo Amended Report	6/30/2014, 13	1333	10/19/2015 1/11/2016	(\$640.89)	3	2	Generally in Compliance The District reported ineligible salary- cell phone payment, reported salary in the wrong fiscal year, did not report eligible salary - continuing education, reported salary without a written agreement; reported summer salary without a written agreement for Administrators, and reported service hours incorrectly. Amended report addressed Teach2Learn salary - no corrections made, guidance provided to employer.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES**

TFFR EMPLOYER COMPLIANCE AUDITS

JULY 1, 2015 TO JUNE 30, 2016

		EMPLOYER	FISCAL YEARS	TOTAL MEMBERS	REPORT DATE	EMPLOYER CONTRIB'S DR(CR)	MEMBER SALARY ADJUSTED	MEMBER SERVICE CREDIT ADJUSTED	STATUS
✘		Audit Pending - (6)				In Compliance		8	
&		Audit in Progress - (8)				Generally in Compliance		6	
✓		Audit Completed - (14)				Not in Compliance (NIC)		1	
✓		NIC Review Completed - (1)						<u>15</u>	
		Audits Carried Over From 2014/15 - (15)							
		NIC Audits Carried Over From 2014/15 - (1)							
		Audit Notifications Sent 2015/16 - (13)							
		NIC Notifications Sent 2015/16 - (0)							
14	✓	DT West Fargo	6/30/2014, 13	875	11/12/2015	(\$523.81)	5	9	Generally in Compliance Reported summer salary in the wrong fiscal year, did not issue written agreements for summer salary, and reported service hours incorrectly.
15	✓	TMB Wilmac Special Education	6/30/2014, 13	58	10/19/2015	\$0.00	0	0	In Compliance Did not issue written agreements for summer salary.
Notifications 2015/16									
16	✘	DT Barnes County North	6/30/2014, 15	31					Received requested information. Audit pending not yet started.
17	✘	TMB Bowman	6/30/2014, 15	53					Received requested information. Audit pending not yet started.
18	✘	DT Eight Mile	6/30/2014, 15	23					Received requested information. Audit pending not yet started.
19	✘	TMB Ft. Yates	6/30/2014, 15	32					Received requested information. Audit pending not yet started.
20	✘	TMB Halliday	6/30/2014, 15	12					Received requested information. Audit pending not yet started.
21	&	TMB Parshall	6/30/2014, 15	35					Received requested information. Audit in progress.
22	&	TMB St. John	6/30/2014, 15	42					Received requested information. Audit in progress.
23	&	TMB Solen-Cannonball	6/30/2014, 15	29					Received requested information. Audit in progress.
24	✓	TMB Starkweather	6/30/2014, 15	14	12/3/2015	(\$730.84)	2	1	In Compliance The District reported salary/service hours without a written agreement, reported contract salary after deductions, and reported service hours incorrectly.

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 AUDIT SERVICES

TFFR EMPLOYER COMPLIANCE AUDITS

JULY 1, 2015 TO JUNE 30, 2016

	EMPLOYER	FISCAL YEARS	TOTAL MEMBERS	REPORT DATE	EMPLOYER CONTRIB'S DR(CR)	MEMBER SALARY ADJUSTED	MEMBER SERVICE CREDIT ADJUSTED	STATUS
✘	Audit Pending - (6)				In Compliance		8	
&	Audit in Progress - (8)				Generally in Compliance		6	
✓	Audit Completed - (14)				Not in Compliance (NIC)		1	
✓	NIC Review Completed - (1)						<u>15</u>	
	Audits Carried Over From 2014/15 - (15)							
	NIC Audits Carried Over From 2014/15 - (1)							
	Audit Notifications Sent 2015/16 - (13)							
	NIC Notifications Sent 2015/16 - (0)							
25	✘	DT	Velva	6/30/2014, 15				Received requested information. Audit pending not yet started.
26	&	DT	Warwick	6/30/2014, 15				Received requested information. Audit in progress.
27	&	TMB	White Shield	6/30/2014, 15				Received requested information. Audit pending not yet started. Anticipate fine will be issued for failure to comply with audit request.
28	✓	DT	Wing	6/30/2014, 15	12/17/2015	\$0.00	0	0 In Compliance Did not have written agreements for summer salary and service hours reported incorrectly for a retired member who returned to covered employment.
			Totals				<u>22</u>	<u>29</u>
Not in Compliance (NIC) Reviews								
23	✓	TMB	Minnewaukan		8/10/2015	\$903.52	4	0 Not in Compliance The District reported summer salary in the wrong fiscal year, did not report extra-curricular salary, reported contract salary incorrectly, did not issue written agreements for summer salary, did not monitor hours for retired teachers who returned to covered employment and one teacher had a license that had lapsed.
							<u>26</u>	<u>29</u>

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 AUDIT SERVICES DIVISION
 BUDGETED VS. ACTUAL HOURS FOR FISCAL YEAR 2015-2016**

	2015-2016 BUDGET HOURS (2 FTE'S)
1. Audit	
Retirement Program Audits:	
TFFR Employer Compliance Audits	1,890
REA Audit(s)	75
Benefit Payments Audit	50
TFFR File Maintenance Audit(s)	80
Annual Salary Verification Project	65
TFFR Cost Effective Benefit Payments/Benefit Recalculation	80
Agency Administrative and Investment Audits	
Executive Limitation Audit	90
Investment Performance Summary Review	60
Schedule of Investment Fees Review	60
Investment Management Fees Review	60
RIO External Auditor Assistance	40
Special Projects	120
Total Audit Hours:	2,670
2. Administrative	
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	400
Audit Committee/SIB/TFFR Attendance and Preparation	250
Professional Development/CE/General Education	160
Audit Services Procedure Manual	120
Annual Leave, Sick Leave, and Holidays	592
Total Administrative Hours:	1,522
Total Hours for 2015-2016:	4,192

Total Hours for 2015-2016: 4,192
 D. Thorsen Total Hours 2015-2016: 2,096
 T. Miller Bowley Hours 2015-2016: 2,096

1st Quarter Actual Hours	2nd Quarter Actual Hours	3rd Quarter Actual Hours	4th Quarter Actual Hours	2015- 2016 Actual Hours
522	601			1,123
8	4			11
126	0			126
57	45			102
0	0			0
0	0			0
6	40			46
0	11			11
0	0			0
0	0			0
16	4			20
0	0			0
734	704	0	0	1,438
128	121			250
72	53			125
7	43			50
7	10			17
111	132			243
325	359	0	0	684
1,059	1,063	0	0	2,122
25%	51%			

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: February 25, 2016

SUBJECT: 2015-2016 Audit Services Workplan vs. Actual Activities

The following information is intended to provide the Audit Committee with an update regarding the current status of audit activities compared to the workplan proposed in May 2015. The information provided is current as of February 1, 2016. Any projections or estimates of future activities are subject to change.

RETIREMENT PROGRAM AUDITS:

- **Teachers' Fund For Retirement (TFFR) Compliance Audits**

A total of 35 TFFR Compliance Audits will be completed per fiscal year. On average TFFR Compliance Audits of small employers require 30 hours, medium employers require 50 hours, and large employers require 70 hours. On average Not in Compliance (NIC) Reviews require 50 hours. Each fiscal year 40 employers receive audit notifications. Each notification on average requires 4 hours to complete. During the fourth quarter of each fiscal year Audit Services undertakes audit planning for the upcoming fiscal year. Yearly audit planning can require up to 90 hours.

- **UPDATE:**

- Fifteen TFFR employer audits have been completed, including fourteen TFFR Compliance Audits and 1 Not in Compliance (NIC) Review. Audit Services anticipates completing a total of 20-25 employer audits in fiscal year 2016 which would include 19-24 TFFR Compliance Audits and 1 NIC Review. Thus Audit Services will fall short of the established goal by 10-15 TFFR employer audits. It is worth noting that since fiscal year 1993 Audit Services has met or exceeded the goal of completing 35 TFFR employer audits only 5 times in 23 years which calls into question the achievability of the established goal. On average Audit Services completes 25 TFFR employer audits in any given fiscal year which is on par with our current progress.
- The challenging nature of the latter part of the third audit cycle has caused average audit time to increase for small and large employers. TFFR Compliance Audits of small employers are averaging 47 hours (increase of 17 hours) while TFFR Compliance Audits of large employers are averaging 114 hours (increase of 44 hours). The medium employer required 31 hours (decrease of 19 hours). The NIC Review required 43 hours (decrease of 7 hours).
- Eleven employers have received audit notifications in 2015-2016. Audit Services does not anticipate notifying any additional employers of upcoming audits in the current fiscal year unless completion of the latter part of the third audit cycle accelerates.
- It is anticipated that audit planning for the upcoming fiscal year will commence in the 4th quarter as planned.

- **Regional Education Associations (REA) Audits***

Currently there are eight REAs created under North Dakota Century Code with the same legal standing as school districts with the authority to carry out the same activities as school districts. Additional information regarding REAs can be obtained via their website - <http://www.ndrea.org>. REAs employ TFFR eligible staff as well as many retirees that have returned to covered employment. Often TFFR reporting is facilitated through a designated fiscal agent. Audit Services would like to create and implement an audit program which addresses REAs. It is anticipated that creation of the audit program and the completion of two REA audits will require 75 hours.

- **UPDATE:**

- Audit Services anticipates sending an audit notification to two REAs in March 2016. At this time Audit Services is unable to determine if the REA audits will be completed prior to the close of the current fiscal year. To date 19 hours have been dedicated to this task.

- **Benefit Payments Audit**

On an annual basis a review of deaths, long outstanding checks, purchase of service, and refunds is completed to determine that established policy and procedures are being followed by Retirement Services employees. This audit requires 50 hours to complete.

- **UPDATE:**

- The Benefit Payment Audit was completed on September 3, 2015. Due to an unexpectedly large number of deaths which appeared on the SmallWorld Solutions vendor report the Benefit Payment Audit required 126 hours to complete. Historically 100% of deaths which appear on this vendor report have been verified. However it appears that SmallWorld Solutions has expanded their available databases against which deaths are pulled from. If the number of deaths included on the vendor report continues to expand a sample may be selected moving forward.

- **TFFR File Maintenance Audit**

On a quarterly basis changes made to TFFR member account data by Retirement and Investment Office (RIO) employees are reviewed. Audit tables are generated and stored indicating any file maintenance changes made to member accounts. Each TFFR File Maintenance Audit requires 20 hours to complete.

- **UPDATE:**

- Two of four TFFR File Maintenance Audits have been completed to date. It is anticipated that the remaining two TFFR File Maintenance Audits will be completed in the third and fourth quarters as planned. To date the two TFFR File Maintenance Audits have required 102 hours to complete – the first audit of the fiscal year requiring 51 hours, the second audit requiring 45 hours. Both TFFR File Maintenance Audits completed to date have been completed by the Supervisor of Audit Services. As knowledge of the audit and data increases so will overall efficiency.

- **Annual Salary Verification Project**

On an annual basis during the third quarter Audit Services will verify salaries reported to TFFR for the prior fiscal year for 50 randomly selected member accounts. All TFFR participating employers will be included in the population from which the sample is derived. A total of 65 hours have been allocated for this project.

- **UPDATE:**

- The Annual Salary Verification Project will commence in February 2016. It is anticipated that results of the Annual Salary Verification Project will be provided no later than March 31, 2016.

- **TFFR Cost Effective Benefit Payments/Benefit Recalculation***

One of the missions of the RIO is to ensure that TFFR benefit recipients receive their retirement benefits in a cost effective and timely manner. On an annual basis Audit Services has been asked to verify that this mission is being achieved. As part of this overall process Audit Services will also verify the accuracy of benefit payments via the recalculation of benefits. It is anticipated that this will require 80 hours to complete.

- **UPDATE:**

- It is anticipated that the TFFR Cost Effective Benefit Payments/Benefit Recalculation audit will commence as planned in May 2016.

AGENCY ADMINISTRATIVE AND INVESTMENT AUDITS:

- **Executive Limitation Audit**

On an annual basis the Executive Director/CIO's compliance with the State Investment Board (SIB) Governance Manual Executive Limitation Policies A-1 through A-11 is reviewed. The RIO conducts two employee opinion surveys on an annual basis. Audit Services creates, administers, and compiles the results for each of these surveys. Audit Services will also facilitate and compile the results of the annual Executive Review Committee survey administered to members of the SIB. Approximately 90 hours have been allotted to complete these tasks.

- **UPDATE:**

- The Executive Limitation Audit for calendar year 2015 has been completed. Two employee opinion surveys have been administered as a part of the Executive Limitation Audit process. It is anticipated that the Executive Review Committee survey will be administered prior to March 31, 2016. To date Executive Limitation Audit activities have required 100 hours to complete.

- **Investment Performance Summary Review***

Audit Services will review the reasonableness of the "Investment Performance Summary" table in RIO's CAFR for the last five fiscal years ended June 30, 2015 and annualized returns for the 3, 5, 10, and 20 years ended June 30, 2015. Approximately 60 hours have been allotted to complete this task.

- **UPDATE:**

- Audit work on the Investment Performance Summary Review commenced in December 2015. Work has been done with the Fiscal and Investment Operations Manager in the last several months in an effort to devise an audit approach and locate source data which will allow for the recalculation of the Investment Performance Summary table which appears in the CAFR. Necessary data was obtained in February 2016 and it is anticipated that this audit will conclude prior to the close of the current fiscal year. To date 14 hours have been dedicated to this task.

- **Schedule of Investment Fees Review* & Investment Management Fees Review***

Audit Services will review the reasonableness of the "Schedule of Investment Fees" in RIO's CAFR for the last six fiscal years ended June 30, 2015. Audit Services will also review the reasonableness of the five largest investment management fees and five largest incentive/investment performance fees for the fiscal year ended June 30, 2015. Approximately 60 hours have been allotted to complete each of these tasks for a total of 120 hours.

- **UPDATE:**

- Initially these two audits were purposed as separate audits, however after discussing the details of the audits with the Fiscal and Investment Operations Manager it has been determined that it may be beneficial to complete these audits simultaneously as the necessary data and documentation will often be obtained from the same sources. It was anticipated that these audits would commence in February 2016. At this time audit resources are being dedicated to other audits, therefore it is anticipated that this audit will likely begin prior to the close of the current fiscal year but will not likely be completed prior to the close of the current fiscal year.

- **RIO External Auditor Assistance**

Audit Services assists our external auditor, CliftonLarsonAllen, with a variety of tasks related to the annual financial audit of RIO and the GASB 68 census data audits. It is anticipated that the external auditors will require approximately 40 hours of assistance from Audit Services.

- **UPDATE:**

- Audit Services provided approximately 20 hours of assistance to our external audit partners CliftonLarsonAllen during the financial audit of the RIO as well as the GASB 68 census data audits. It is not anticipated that any further assistance will be required.

ADMINISTRATIVE ACTIVITIES (NON AUDIT RELATED):

- **Professional Development/CE/General Education**

Audit Services is a member of the Institute of Internal Auditors (IIA) and attends monthly meetings along with bi-annual seminars. A member of Audit Services attends a national industry conference on an annual basis. The Supervisor of Audit Services is also pursuing a professional designation which will require ongoing continuing education. Each staff member has been allotted 40 hours.

- **UPDATE:**

- Audit Services has refocused efforts on professional development activities in the current fiscal year. To date 50 hours of continuing education have been obtained by staff including attendance at local IIA meetings, a risk management seminar, an auditing practices seminar, and webinars. The Supervisor of Audit Services continues to pursue a Certified Internal Audit (CIA) designation with two of three test parts completed. The Supervisor of Audit Services will also be attending the IIA Central Regional Conference in May 2016.

- **Audit Services Procedure Manual**

Audit Services believes the creation of an Audit Services policy and procedure manual is a much needed and time worthy pursuit. It is anticipated a 120 hours will be dedicated to this task.

- **UPDATE:**

- Work on the Audit Services Procedure Manual is underway. Procedures for the TFFR File Maintenance Audit have been completed which required 17 hours. It is anticipated that procedures for at least 1-2 other audits will also be documented prior to the close of the fiscal year.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: February 25, 2016

SUBJECT: Executive Limitations Final Audit Report

Audit Services has completed the annual review of the Executive Director/CIO's level of compliance with State Investment Board (SIB) Governance Manual Executive Limitation polices for the calendar year beginning January 1, 2015 and ending December 31, 2015.

During the course of the audit, Audit Services conducted examinations of documentation, facilitated a survey of Retirement and Investment Office (RIO) staff, and interviewed key personnel. The policies reviewed during the course of the audit were:

- General Executive Constraint (A-1)
- Staff Relations (A-2)
- Relating to Public and Government (A-3)
- Budgeting (A-4)
- Financial Condition (A-5)
- Communication and Counsel to the Board (A-6)
- Asset Protection (A-7)
- Compensation and Benefits (A-8)
- Conflict of Interest (A-9)
- Code of Conduct (A-10)
- Unrelated Business Interests (A-11)

Audit Services is sufficiently satisfied that the Executive Director/CIO is in compliance with the SIB Governance Manual Executive Limitation polices A-1 through A-11.

**RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES
EXECUTIVE LIMITATIONS AUDIT REPORT
January 1, 2015 – December 31, 2015**

Executive Limitations – General Executive Constraint (A-1)

The following procedures were undertaken during the review of Executive Limitations A-1:

- Independent interviews were conducted with the Executive Director/CIO, Deputy Executive Director/Chief Retirement Officer, Deputy Chief Investment Officer, and Fiscal and Investment Operations Manager.
- Review of available State Investment Board (SIB) agendas and meeting minutes for calendar year beginning January 1, 2015.

Executive staff members agree that communication related to executive and board issues and processes among executive staff is very good which facilitates a strong working relationship. Communication primarily occurs via email and face to face meetings with one formally scheduled executive staff meeting per month. Information which is shared is of high quality, accurate, and comprehensive. The quantity of information is significant given the critical and complex tasks for which RIO is responsible. In the event of a loss of executive services executive staff members unanimously agree that the organization would move forward as seamlessly as possible with the collaboration of all executive staff. There is a strong feeling among executive staff that the organization is comprised of the right individuals who possess the knowledge needed to make the organization successful. Various members of the executive staff are regular attendees at SIB board meetings. Published meeting minutes confirm significant information is shared related to board and chief executive issues and processes during the course of these meetings.

Executive Limitations – Staff Relations (A-2)

The following procedures were undertaken during the review of Executive Limitations A-2:

- Review of the Retirement and Investment Office (RIO) Administrative Manual and the policies contained within.
- Review of RIO agency records and personnel file of terminated employee.
- Survey of RIO employees for the purpose of evaluating the Executive Director/CIO in the areas of communication, leadership, and valuing employees.

The RIO Administrative Manual sets forth staff responsibilities and administrative policies of the RIO. The RIO Administrative Manual includes personnel rules for staff, a policy for effective handling of grievances, and policies which protect against wrongful conditions or the violation of any state or federal law. Audit Services would recommend that a fraud reporting policy (as requested by the SIB Audit Committee) and a Bring Your Own Mobile Device (BYOD) policy be added to the RIO Administrative Manual in the upcoming fiscal year. All staff employed as of November 24, 2015 reviewed and acknowledged understanding of the policies contained in the RIO Administrative Manual via their signatures. One employee voluntarily terminated their employment with the RIO during calendar year 2015. The individual was provided an exit interview and an employment questionnaire was completed at that time. Survey responses provided by RIO employees when asked to rate the Executive Director/CIO in the areas of communication, leadership, and valuing employees trended more positive in 2015. A marked improvement was noted in the area of communication with a greater number of staff indicating they are informed about organizational activities. The Executive Director/CIO continued to

receive high marks in the areas of leadership and valuing employees. Some concerns were raised regarding the communication between supervisory staff and other management staff, the application of office policies in a uniform manner, and the lack of autonomy in completing assigned tasks. Ultimately it is important to note that staff acknowledged that they have observed the Executive Director/CIO attempting to make improvements and positive changes over the course of the last year and are very encouraged by the efforts made.

Executive Limitations – Relating to Public and Government (A-3)

The following procedures were undertaken during the review of Executive Limitation A-3:

- Review of the results of the 2015 SIB Customer Satisfaction Survey.
- Review of RIO Administrative Manual Media Policy.
- Review of the handling of one media inquiry and one open records request.

A SIB customer satisfaction survey was conducted to ensure that the SIB via the staff of the RIO is meeting client expectations. SIB clients were asked to rate performance of verbal communication, clarity and effectiveness of written communication, detail provided on reports, service delivery, accessibility, responsiveness, efficiency, and knowledge of investments. Overall performance was rated at a 3.70 on a weighted scale of 1-4. The score received in 2015 is consistent with the prior year. Comments received were generally positive. A request for assistance in understanding reports provided to client boards was promptly fulfilled by the Executive Director/CIO at a subsequent client board meeting. A media request concerning the actions taken by the SIB was received in August 2015. A response which was factual in nature and accurately represented the activities of the SIB was provided the same day the request was received. An open records request was also received in August 2015. Items related to communication with an investment manager were requested. Emails and other documents were provided within 24 hours. Confidential commercial information was properly withheld per North Dakota Century Code (NDCC) statute Chapter 44-04-18.4.

Executive Limitations – Budgeting (A-4) and Financial Condition (A-5)

The following procedures were undertaken during review of Executive Limitation A-4 and A-5:

- Review of available information related to the activities of the 64th Legislative Assembly and SB 2022 (RIO/PERS Appropriations Bill).
- Review of quarterly monitoring reports provided to the SIB.
- Review of available information related to the Novarca Fee Review.

The biennium budget includes both appropriations which are requested and ultimately must be approved by the legislature and estimated continuing appropriations which are not included in any formal appropriations request. The 2015-2017 RIO/PERS appropriations bill was introduced at the 64th Legislative Assembly in January 2015 as SB 2022. The legislature was unable to reach a resolution on SB2022 during the regular session which ended in April 2015. SB2022 was ultimately approved by the legislature during a special session in June 2015. Quarterly monitoring reports confirm the RIO concluded the most recent fiscal year operating well within budget and had not made any expenditure which exceeded the appropriation authorized by the legislature. Excluding retirement annuity and refund payments the largest continuing appropriation expenditures are related to investment management fees and consulting expenses. Novarca was retained in late 2014 for the purpose of negotiating additional investment management fee reductions in private and world equity. Novarca has had success in gaining additional fee reductions in the international strategy. A reduction in the level of services and/or programs provided by RIO was not initiated in 2015. The RIO expanded operations by

accepting a new investment client in 2015. Contingency funds and/or emergency commission approval was also not required in 2015.

Executive Limitations – Communication and Counsel to the Board (A-6)

The following procedures were undertaken during review of Executive Limitation A-6:

- Review of available State Investment Board (SIB) agendas and meeting minutes for calendar year beginning January 1, 2015.
- Review of Board-Staff Relationship – Monitoring Executive Performance Policy (C-4).

In compliance with Board-Staff Relationship policy C-4 the board was provided quarterly internal reports on staff relations, budgeting, financial condition, investment services, and investment performance. The board was also provided annual external reports on staff relations, budgeting, asset protection, investment services, and investment performance from CliftonLarsonAllen and Callan Associates. Policy C-4 also requires an annual internal report on general executive constraint, relating to public and government, compensation and benefits, and conflict of interest which is satisfied via the executive limitation audit. The Executive Director/CIO continued to ensure the board was adequately informed about any relevant trends, anticipated adverse media coverage, and material external and internal changes. The Executive Director/CIO is responsible for providing the board with necessary information required to facilitate informed decision making. In 2015 the board was provided with education, published materials, and access to industry experts all of which provided in depth information on various topics. Staff is also in regular attendance to provide insight, opinions, and general information on a variety of topics. Efforts to improve overall transparency specifically focusing on greater public access to SIB board member information, meeting materials, meeting minutes, meeting schedules, and the SIB Governance Manual were also undertaken in 2015.

Executive Limitations – Asset Protection (A-7)

The following procedures were undertaken during review of Executive Limitation A-7:

- Review of State Fire and Tornado Commercial Insurance Policy – FY 2015 and 2016.
- Review of Risk Management Manual – Section 2: Risk Management Fund.
- Review of Commercial Blanket Bond No. 3728 – CY 2014 and 2016.
- Review of NDCC Chapter 26.1-21 State Bonding Fund.
- Review of third party investment performance monitoring reports.
- Review of internal asset and investment performance overview reports.

The State Fire and Tornado Fund provides building and business personal property insurance coverage to state entities including RIO. Given that RIO leases office space and has had no significant additions to personal property current insurance limits are adequate. The Risk Management Division of the Office of Management and Budget provides coverage for liability resulting from third party bodily injury, personal injury, professional liability, errors and omissions or property damage resulting from operations. The State Bonding Fund provides a commercial blanket bond for the agency. RIO continues to make efforts to improve overall security of intellectual property, information, files, and physical office space. CliftonLarsonAllen issued the results of their most recent audit of financial statements issued June 30, 2014 and 2015. RIO received an unmodified clean opinion. It has been determined that actual versus target asset allocation, excess return generation, and current level of risk assumed are strong indicators that the investment process undertaken by RIO is in compliance with SIB investment policies. Asset versus target asset allocation data indicates that current asset allocations for the consolidated funds are within established thresholds. As of September 30, 2015 every pension client generated positive excess returns for the 1, 3, and 5 year periods. As of June 30, 2015 every

insurance trust client generated positive excess returns for the 1, 3, and 5 year periods with two exceptions. Current risk levels are within acceptable parameters for the consolidated pension and insurance trusts, risk as measured by standard deviation has continued to decline.

Executive Limitations – Compensation and Benefits (A-8)

The following procedures were undertaken during review of Executive Limitation A-8:

- Review of Salary Administration Procedures (Chapter 4-07-02).
- Review of ND Salary Ranges July 1, 2015 – June 30, 2016.
- Review of ND Agency Position Number Listing – 2014 and 2015.
- Review of available State Investment Board (SIB) meeting minutes – June 26, 2015.

Staff compensation and benefits are within required parameters and in compliance with ND Administrative Code Chapter 4-07-02. The compensation and benefits of the Executive Director/CIO are being administered per SIB directive as detailed in approved SIB board meeting minutes for June 26, 2015. Salary increases received by RIO staff throughout 2015 including probationary, equity, performance, and additional workload were properly documented and administered.

Executive Limitations – General Executive Constraint (A-1), Conflict of Interest (A-9), Code of Conduct (A-10), and Unrelated Business Interests (A-11)

The following procedures were undertaken during review of Executive Limitation A-9, A-10, and A-11:

- Review of Executive Limitation Conflict of Interest Policy (A-9) and Exhibit A-I – SIB Governance Manual.
- Review of Code of Conduct Policy (2.3-2.5) – RIO Administrative Manual.
- Review of annual affirmations – Conflict of Interest Policy (A-9) and RIO Administrative Manual Policies.
- Independent interviews were conducted with the Executive Director/CIO, Deputy Executive Director/Chief Retirement Officer, Deputy Chief Investment Officer, and Fiscal and Investment Operations Manager.

The Executive Director/CIO affirmed understanding of the SIB Governance Manual Executive Limitation Policy A-9 via his signature on the annual affirmation form (Exhibit A-I). All staff employed by RIO as of November 24, 2015 affirmed knowledge of and an understanding of the policies contained with the RIO Administrative Manual via signatures on the annual affirmation form. No actual or potentially perceived conflicts of interest were noted by the Executive Director/CIO or any member of the RIO staff.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: February 25, 2016

SUBJECT: GASB 68 Schedules Audit

As anticipated CliftonLarsonAllen (CLA), external auditors of the Retirement and Investment Office (RIO), concluded their audit of the GASB 68 schedules. The final audit report was issued on January 7, 2016 and is included for your review. No action by the Audit Committee is required at this time. CLA will be in attendance at the May 26, 2016 Audit Committee meeting to present the results of the GASB 68 Schedules Audit as well as the audit scope and approach for the upcoming financial audit of RIO for fiscal year July 1, 2015 to June 30, 2016. At that time the SIB Audit Committee will be called upon to approve the GASB 69 Schedules Audit report.

Retirement Services has published the annual GASB 68 financial information for TFFR employers. This information can be located on the RIO website - <http://www.nd.gov/rio/TFFR/Employers/default.htm>.

If after review of the enclosed information any member of the Audit Committee has any questions or concerns which they would like CLA to address during their presentation of the GASB 68 Schedules Audit report on May 26, 2016, please forward those to the Supervisor of Audit Services, Terra Miller Bowley at tmbowley@nd.gov.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE -
NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
Bismarck, North Dakota**

**SCHEDULES OF EMPLOYER ALLOCATIONS AND
PENSION AMOUNTS BY EMPLOYER
June 30, 2015**

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
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Independent Auditors' Report

Governor Jack Dalrymple
The Legislative Assembly
David Hunter, Executive Director/CIO
State Investment Board
Teacher's Fund for Retirement Board
North Dakota Retirement and Investment Office

Report on Schedules

We have audited the accompanying schedule of employer allocations of the North Dakota Retirement and Investment Office - North Dakota Teachers' Fund for Retirement (TFFR), a department of the State of North Dakota, as of and for the year ended June 30, 2015, and the related notes.

We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense as of and for the year ended June 30, 2015 (specified column totals), included in the accompanying schedule of pension amounts by employer of TFFR, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for TFFR as of and for the year ended June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the North Dakota Retirement and Investment Office (RIO), which includes TFFR, as of and for the year ended June 30, 2015, and our report thereon, dated November 9, 2015, expressed an unmodified opinion on those statements.

Restriction on Use

Our report is intended solely for the information and use of the management of RIO, Board of Trustees, TFFR employers and their auditors as of and for the year ended June 30, 2015 and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Audit Standards*, we have also issued our report dated January 6, 2016, on our consideration of RIO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIO's internal control over financial reporting.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 6, 2016

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Employer Allocations
As of and for the year ended June 30, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Alexander School	\$ 942,165	0.153171%
Anamoose School	700,433	0.113872%
Apple Creek Elem School	321,168	0.052214%
Ashley School	940,568	0.152912%
Bakker Elem School	34,500	0.005609%
Barnes County North	1,652,365	0.268631%
Beach School	2,069,473	0.336442%
Belcourt School	8,039,312	1.306982%
Belfield Public School	1,356,823	0.220584%
Beulah School	3,386,927	0.550626%
Billings Co. School Dist.	631,967	0.102741%
Bismarck Public Schools	66,330,545	10.783616%
Bismarck State College	-	0.000000%
Blessed John Paul II Catholic Sch Network	30,863	0.005018%
Bottineau School	3,684,839	0.599059%
Bowbells School	521,990	0.084862%
Bowman School	2,727,489	0.443419%
Burke Central School	746,092	0.121295%
Burleigh County Spec. Ed.	87,435	0.014215%
Carrington School	2,851,899	0.463644%
Cavalier School	2,147,821	0.349180%
Center Stanton School	1,416,687	0.230316%
Central Cass School	3,427,889	0.557285%
Central Elementary School	63,927	0.010393%
Central Valley School	1,235,280	0.200824%
Dakota Prairie School	1,757,705	0.285757%
Devils Lake School	10,175,860	1.654329%
Dickinson School	17,340,566	2.819124%
Divide School	2,207,907	0.358948%
Drake School	520,062	0.084548%
Drayton School	1,236,526	0.201027%
Dunseith School	2,589,121	0.420923%
E Central Ctr Exc Childn	803,793	0.130676%
Earl Elem. School	30,900	0.005024%
Edgeley School	1,221,200	0.198535%
Edmore School	696,496	0.113232%
Eight Mile School	1,376,633	0.223805%
Elgin-New Leipzig School	982,762	0.159771%
Ellendale School	1,723,476	0.280192%
Emerado Elementary School	557,813	0.090686%

The accompanying notes are an integral part of the Schedule of Employer Allocations

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Employer Allocations
As of and for the year ended June 30, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Enderlin Area School District	1,928,787	0.313570%
Fairmount School	982,807	0.159779%
Fargo Public Schools	65,440,942	10.638990%
Fessenden-Bowdon School	939,878	0.152800%
Finley-Sharon School	1,122,664	0.182516%
Flasher School	1,010,501	0.164281%
Fordville Lankin School	569,625	0.092606%
Fort Ransom Elem School	166,524	0.027072%
Fort Totten School	1,543,627	0.250954%
Fort Yates School	1,118,852	0.181896%
Gackle-Streeter Pub Sch	724,545	0.117792%
Garrison School	2,240,554	0.364256%
Glen Ullin School	1,106,691	0.179919%
Glenburn School	1,540,540	0.250452%
Goodrich School	281,322	0.045736%
Grafton School	4,295,908	0.698403%
Grand Forks School	42,971,154	6.985988%
Great North West Cooperative	160,269	0.026056%
Grenora School	1,101,160	0.179020%
Griggs County Central Sch	1,727,525	0.280851%
Gst Educational Services	1,422,035	0.231186%
Halliday School	443,998	0.072183%
Hankinson School	1,473,275	0.239516%
Harvey School	2,145,151	0.348746%
Hatton Eielson Psd	1,105,167	0.179671%
Hazelton - Moffit School	721,118	0.117235%
Hazen School	2,784,803	0.452736%
Hebron School	1,116,577	0.181526%
Hettinger School	1,470,529	0.239070%
Hillsboro School	2,334,605	0.379546%
Hope School	596,108	0.096912%
Horse Creek Elem. School	34,500	0.005609%
James River Multidistrict Spec Ed Unit	1,252,559	0.203633%
Jamestown School	12,847,669	2.088696%
Kenmare School	1,657,519	0.269469%
Kensal School	416,510	0.067714%
Kidder County School District	2,113,190	0.343549%
Killdeer School	2,552,580	0.414983%
Kindred School	3,054,003	0.496501%
Kulm School	1,049,725	0.170658%

The accompanying notes are an integral part of the Schedule of Employer Allocations

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Employer Allocations
As of and for the year ended June 30, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Lake Region Spec Ed	1,704,712	0.277142%
Lakota School	1,078,948	0.175409%
Lamoure School	1,525,955	0.248080%
Langdon Area School	2,043,965	0.332295%
Larimore School	1,946,851	0.316507%
Leeds School	1,080,991	0.175741%
Lewis And Clark School	2,533,615	0.411900%
Lidgerwood School	1,075,893	0.174912%
Linton School	1,592,962	0.258974%
Lisbon School	3,229,368	0.525011%
Litchville-Marion School	802,581	0.130479%
Little Heart Elem. School	102,350	0.016639%
Logan County	4,079	0.000663%
Lone Tree Elem. School	222,167	0.036119%
Lonetree Spec Ed Unit	144,397	0.023475%
Maddock School	971,323	0.157912%
Mandan Public Schools	18,106,534	2.943650%
Mandaree School	1,545,115	0.251195%
Manning Elem School	84,270	0.013700%
Manvel Elem. School	739,999	0.120305%
Maple Valley School	1,566,975	0.254749%
Mapleton Elem. School	675,390	0.109801%
Marmarth Elem. School	133,327	0.021675%
Max School	1,109,259	0.180337%
May-Port C-G School	2,615,913	0.425279%
Mcclusky School	661,813	0.107593%
Mckenzie County	48,787	0.007931%
Mckenzie County School	5,592,594	0.909210%
Medina School	915,003	0.148756%
Menoken Elem School	126,900	0.020631%
Midkota	997,216	0.162121%
Midway School	1,341,951	0.218166%
Milnor School	1,451,776	0.236021%
Minnewaukan School	1,616,981	0.262879%
Minot School	41,782,306	6.792713%
Minto School	1,134,852	0.184497%
Mohall Lansford Sherwood	2,266,395	0.368457%
Montpelier School	700,707	0.113917%
Morton County	28,528	0.004638%
Mott-Regent School	1,487,872	0.241889%

The accompanying notes are an integral part of the Schedule of Employer Allocations

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Employer Allocations
As of and for the year ended June 30, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Mt Pleasant School	1,556,266	0.253008%
Munich School	828,470	0.134688%
N Central Area Career And Tech Center	143,586	0.023343%
Napoleon School	1,459,067	0.237206%
Naughton Rural School	68,210	0.011089%
Nd Center For Distance Education	1,376,782	0.223829%
Nd Dept Of Public Instruction	113,498	0.018452%
Nd School For Blind	653,216	0.106196%
Nd School For Deaf	880,743	0.143186%
Nd United	306,072	0.049759%
Nd Youth Correctional Cnt	1,148,682	0.186746%
Nedrose School	1,406,389	0.228642%
Nelson County	11,531	0.001875%
Nesson School	1,462,253	0.237724%
New England School	1,224,181	0.199020%
New Public School	2,018,470	0.328151%
New Rockford Sheyenne School	1,729,783	0.281218%
New Salem-Almont	1,743,327	0.283419%
New Town School	4,210,477	0.684514%
Newburg United District	609,685	0.099119%
North Border School	2,545,237	0.413789%
North Sargent School	1,270,298	0.206517%
North Star	1,541,769	0.250651%
North Valley Area Career	521,762	0.084825%
Northern Cass School Dist	2,544,771	0.413713%
Northern Plains Spec Ed	260,925	0.042420%
Northwood School	1,375,647	0.223644%
Oakes School	1,958,481	0.318398%
Oberon Elem School	425,282	0.069140%
Oliver - Mercer Spec Ed	943,552	0.153397%
Page School	694,469	0.112903%
Park River Area School District	2,007,593	0.326382%
Parshall School	1,640,900	0.266767%
Peace Garden Spec Ed	503,942	0.081928%
Pembina Spec Ed Coop	101,589	0.016516%
Pingree - Buchanan School	770,963	0.125338%
Pleasant Valley Elem	-	0.000000%
Powers Lake School	1,019,502	0.165744%
Richardton-Taylor	1,695,010	0.275564%
Richland School	1,568,558	0.255007%

The accompanying notes are an integral part of the Schedule of Employer Allocations

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Employer Allocations
As of and for the year ended June 30, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Robinson School	37,235	0.006053%
Rolette County	-	0.000000%
Rolette School	1,154,363	0.187669%
Roosevelt School	380,314	0.061829%
Roughrider Area Career And Tech Center	160,135	0.026034%
Roughrider Service Program	191,316	0.031103%
Rugby School	3,075,745	0.500036%
Rural Cass Spec Ed	1,026,048	0.166809%
Sargent Central School	1,356,395	0.220514%
Sawyer School	879,870	0.143044%
Scranton School	1,078,208	0.175288%
Se Region Career And Tech	1,339,785	0.217814%
Selfridge School	815,751	0.132620%
Sheyenne Valley Area Voc	694,429	0.112896%
Sheyenne Valley Spec Ed	1,607,429	0.261326%
Slope County	23,708	0.003854%
Solen - Cannonball School	1,481,895	0.240918%
Souris Valley Spec Ed	1,540,949	0.250518%
South Cent. Prairie Sp Ed	95,975	0.015603%
South Heart School	1,397,217	0.227151%
South Prairie Elem School	1,359,306	0.220988%
South Valley Spec Ed	699,887	0.113783%
Southwest Special Education Unit	60,320	0.009806%
St. John'S School	2,429,174	0.394920%
St. Thomas School	673,588	0.109508%
Stanley School	3,106,099	0.504971%
Starkweather School	570,703	0.092781%
Sterling School	234,027	0.038047%
Strasburg School District	755,456	0.122817%
Surrey School	2,278,060	0.370353%
Sweet Briar Elem School	77,000	0.012518%
Tgu School District	2,597,628	0.422307%
Thompson School	1,912,181	0.310871%
Tioga School	2,770,986	0.450490%
Turtle Lake-Mercer School	1,157,579	0.188192%
Twin Buttes Elem. School	448,113	0.072851%
Underwood School	1,489,724	0.242190%
United School	2,772,073	0.450667%
Upper Valley Spec Ed	2,320,219	0.377207%
Valley - Edinburg School	1,445,576	0.235013%

The accompanying notes are an integral part of the Schedule of Employer Allocations

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Employer Allocations
As of and for the year ended June 30, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Valley City School	5,626,852	0.914779%
Velva School	2,364,311	0.384375%
Wahpeton School	6,548,180	1.064563%
Ward County	27,466	0.004465%
Warwick School	1,780,738	0.289502%
Washburn School	1,503,763	0.244473%
West Fargo School	48,132,439	7.825079%
West River Student Services	675,396	0.109802%
Westhope School	1,058,898	0.172149%
White Shield School	1,397,389	0.227179%
Williston School	16,446,502	2.673772%
Wilmac Special Education	2,895,200	0.470684%
Wilton School	1,207,198	0.196259%
Wing School	651,680	0.105946%
Wishek School	1,169,293	0.190097%
Wolford School	510,644	0.083017%
Wyndmere School	1,381,266	0.224558%
Yellowstone Elem. School	519,594	0.084472%
Zeeland School	447,251	0.072711%
Grand Totals:	\$ 615,104,860	100%

Note: Columns may not foot due to rounding.

North Dakota Retirement and Investment Office -
 North Dakota Teachers' Fund for Retirement
 Schedule of Pension Amounts by Employer
 As of and for the year ended June 30, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Alexander School	\$ 2,003,255	\$ 13,127	\$ -	\$ 224,931	\$ 98,595	\$ 336,653	\$ -	\$ 22,590	\$ -	\$ -	\$ 22,590	\$ 132,890	\$ 16,432	\$ 149,322
Anamoose School	1,489,281	9,759	-	167,221	71,487	248,467	-	16,794	-	16,794	98,795	11,915	110,710	
Apple Creek Elem School	682,884	4,475	-	76,676	81,151	81,151	-	7,701	-	68,650	45,301	(10,158)	35,143	
Ashley School	1,999,868	13,105	-	224,551	16,827	254,483	-	22,551	-	60,949	22,551	132,666	2,804	135,470
Bakker Elem School	73,358	481	-	8,237	-	8,718	-	827	-	1,649	2,476	4,866	(275)	4,591
Barnes County North	3,513,304	23,023	-	394,484	-	417,507	-	39,618	-	210,867	250,485	233,063	(35,144)	197,919
Beach School	4,400,174	28,834	-	494,064	-	522,898	-	49,618	-	180,025	229,643	291,895	(30,004)	261,891
Belcourt School	17,093,432	112,013	-	1,919,299	-	2,031,312	-	192,753	-	539,324	1,133,930	(57,762)	1,076,168	
Belfield Public School	2,884,919	18,905	-	323,927	14,612	357,444	-	32,532	-	32,532	191,377	2,435	193,812	
Beulah School	7,201,391	47,190	-	808,593	-	855,783	-	81,206	-	148,651	477,720	(11,241)	466,479	
Billings Co. School Dist.	1,343,703	8,805	-	150,875	-	159,680	-	15,152	-	230,405	245,557	89,138	(38,401)	50,737
Bismarck Public Schools	141,034,081	924,191	-	15,835,707	1,406,587	18,166,485	-	1,590,365	-	1,590,365	9,355,804	234,431	9,590,235	
Bismarck State College	-	-	-	-	-	-	-	-	-	53,578	53,578	-	(8,930)	(8,930)
Blessed John Paul II Cath. Schl Net	65,628	430	-	7,369	-	7,799	-	740	-	2,523	3,263	4,354	(420)	3,934
Bottineau School	7,834,824	51,341	-	879,716	-	931,057	-	88,349	-	72,918	161,267	519,740	(12,153)	507,587
Bowbells School	1,109,872	7,273	-	124,620	-	131,893	-	12,515	-	24,514	37,029	73,626	(4,086)	69,540
Bowman School	5,799,278	38,002	-	651,159	-	689,161	-	65,395	-	27,614	93,009	384,708	(4,602)	380,106
Burke Central School	1,586,363	10,395	-	178,121	-	188,516	-	17,889	-	224,833	242,722	105,235	(37,472)	67,763
Burleigh County Spec. Ed.	185,912	1,218	-	20,875	25,737	47,830	-	2,096	-	-	2,096	12,333	4,289	16,622
Carrington School	6,063,792	39,736	-	680,860	63,402	783,998	-	68,378	-	68,378	402,255	10,567	412,822	
Cavalier School	4,566,769	29,926	-	512,770	85,791	628,487	-	51,497	-	51,497	302,947	14,299	317,246	
Center Stanton School	3,012,200	19,739	-	338,218	29,253	387,210	-	33,967	-	33,967	199,821	4,875	204,696	
Central Cass School	7,288,481	47,761	-	818,371	-	866,132	-	82,188	-	147,653	229,841	483,497	(24,609)	458,888
Central Elementary School	135,925	891	-	15,262	-	16,153	-	1,533	-	665	2,198	9,017	(111)	8,906
Central Valley School	2,626,487	17,211	-	294,909	-	312,120	-	29,617	-	83,307	112,924	174,234	(13,885)	160,349
Dakota Prairie School	3,737,288	24,490	-	419,633	26,511	470,634	-	42,143	-	-	42,143	247,921	4,419	252,340
Devils Lake School	21,636,228	141,781	-	2,429,377	-	2,571,158	-	243,980	-	555,829	799,809	1,435,286	(92,638)	1,342,648
Dickinson School	36,870,059	241,608	-	4,139,875	2,225,083	6,606,566	-	415,764	-	415,764	2,445,856	370,847	2,816,703	
Divide School	4,694,520	30,763	-	527,114	-	557,877	-	52,938	-	122,801	175,739	311,421	(20,467)	290,954
Drake School	1,105,765	7,246	-	124,158	-	131,404	-	12,469	-	70,216	82,685	73,353	(11,703)	61,650
Drayton School	2,629,142	17,229	-	295,208	158,858	471,295	-	29,647	-	-	29,647	174,410	26,476	200,886
Dunseith School	5,505,063	36,074	-	618,124	41,033	695,231	-	62,078	-	62,078	365,190	6,839	372,029	
E Central Ctr Exc Childn	1,709,053	11,199	-	191,897	8,155	211,251	-	19,272	-	-	19,272	113,374	1,359	114,733
Earl Elem. School	65,707	431	-	7,378	-	7,809	-	741	-	2,325	3,066	4,359	(387)	3,972
Edgeley School	2,596,550	17,015	-	291,548	-	308,563	-	29,280	-	13,519	42,799	172,248	(2,253)	169,995
Edmore School	1,480,911	9,704	-	166,281	35,093	211,078	-	16,699	-	16,699	98,239	5,849	104,088	
Eight Mile School	2,927,045	19,181	-	328,657	176,985	524,823	-	33,007	-	33,007	194,172	29,498	223,670	
Elgin-New Leipzig School	2,089,573	13,693	-	234,623	-	248,316	-	23,563	-	51,443	75,006	138,616	(8,574)	130,042
Ellendale School	3,664,506	24,013	-	411,461	-	435,474	-	41,323	-	136,270	177,593	243,093	(22,712)	220,381
Emerado Elementary School	1,186,042	7,772	-	133,172	-	140,944	-	13,374	-	11,423	24,797	78,679	(1,904)	76,775

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -
 North Dakota Teachers' Fund for Retirement
 Schedule of Pension Amounts by Employer
 As of and for the year ended June 30, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Enderlin Area School District	4,101,041	26,874	-	460,477	35,301	522,652	-	46,245	-	46,245	272,052	5,884	-	277,936
Fairmount School	2,089,678	13,694	-	234,635	-	248,329	-	23,564	-	19,876	43,440	138,623	(3,313)	135,310
Fargo Public Schools	139,142,582	911,796	-	15,623,325	-	16,535,121	-	1,569,035	-	2,536,045	4,105,080	9,230,327	(422,674)	8,807,653
Fessenden-Bowdon School	1,998,403	13,095	-	224,386	-	237,481	-	22,535	-	6,893	29,428	132,568	(1,149)	131,419
Finley-Sharon School	2,387,045	15,642	-	268,024	-	283,666	-	26,917	-	52,773	79,690	158,350	(8,796)	149,554
Flasher School	2,148,558	14,079	-	241,246	-	255,325	-	24,228	-	168,692	192,920	142,529	(28,115)	114,414
Fordville Lankin School	1,211,152	7,937	-	135,992	-	143,929	-	13,658	-	10,072	23,730	80,344	(1,679)	78,665
Fort Ransom Elem School	354,063	2,320	-	39,755	8,860	50,935	-	3,993	-	3,993	23,488	23,488	1,477	24,965
Fort Totten School	3,282,115	21,508	-	368,525	-	390,033	-	37,011	-	123,685	160,696	217,726	(20,614)	197,112
Fort Yates School	2,378,936	15,589	-	267,114	66,441	349,144	-	26,826	-	-	26,826	157,812	11,074	168,886
Gackle-Streeter Pub Sch	1,540,549	10,095	-	172,977	-	183,072	-	17,372	-	53,469	70,841	102,196	(8,912)	93,284
Garrison School	4,763,941	31,218	-	534,909	129,237	665,364	-	53,720	-	-	53,720	316,026	21,540	337,566
Glen Ullin School	2,353,080	15,420	-	264,211	95,118	374,749	-	26,534	-	-	26,534	156,097	15,853	171,950
Glenburn School	3,275,549	21,465	-	367,788	-	389,253	-	36,937	-	65,170	102,107	217,291	(10,862)	206,429
Goodrich School	598,161	3,920	-	67,163	-	71,083	-	6,745	-	19,647	26,392	39,680	(3,275)	36,405
Grafton School	9,134,100	59,855	-	1,025,603	98,863	1,184,321	-	103,000	-	-	103,000	605,930	16,477	622,407
Grand Forks School	91,366,606	598,722	-	10,258,902	-	10,857,624	-	1,030,291	-	2,080,718	3,111,009	6,061,003	(346,786)	5,714,217
Great North West Cooperative	340,775	2,233	-	38,263	39,712	80,208	-	3,843	-	-	3,843	22,606	6,619	29,225
Grenora School	2,341,322	15,343	-	262,890	117,537	395,770	-	26,402	-	-	26,402	155,317	19,589	174,906
Griggs County Central Sch	3,673,124	24,070	-	412,429	-	436,499	-	41,420	-	100,532	141,952	243,665	(16,755)	226,910
Gst Educational Services	3,023,578	19,813	-	339,496	-	359,309	-	34,095	-	177,363	211,458	200,576	(29,561)	171,015
Halliday School	944,049	6,186	-	106,001	7,122	119,309	-	10,646	-	-	10,646	62,626	1,187	63,813
Hankinson School	3,132,522	20,527	-	351,729	-	372,256	-	35,324	-	281,580	316,904	207,803	(46,930)	160,873
Harvey School	4,561,093	29,889	-	512,132	-	542,021	-	51,433	-	110,554	161,987	302,570	(18,426)	284,144
Hatton Eielson Psd	2,349,836	15,398	-	263,846	-	279,244	-	26,498	-	22,409	48,907	155,882	(3,735)	152,147
Hazellton - Moffit School	1,533,264	10,047	-	172,159	-	182,206	-	17,290	-	145,081	162,371	101,712	(24,180)	77,532
Hazen School	5,921,131	38,801	-	664,841	81,599	785,241	-	66,769	-	-	66,769	392,791	13,600	406,391
Hebron School	2,374,097	15,557	-	266,570	-	282,127	-	26,771	-	64,962	91,733	157,491	(10,827)	146,664
Hettinger School	3,126,689	20,489	-	351,074	-	371,563	-	35,258	-	253,817	289,075	207,416	(42,303)	165,113
Hillsboro School	4,963,912	32,528	-	557,362	139,370	729,260	-	55,975	-	-	55,975	329,292	23,228	352,520
Hope School	1,267,469	8,306	-	142,315	-	150,621	-	14,293	-	46,377	60,670	84,080	(7,730)	76,350
Horse Creek Elem. School	73,358	481	-	8,237	-	8,718	-	827	-	3,367	4,194	4,866	(561)	4,305
James River Multidistrict Spec Ed Unit	2,663,225	17,452	-	299,034	82,553	399,039	-	30,032	-	-	30,032	176,671	13,759	190,430
Jamestown School	27,317,119	179,008	-	3,067,244	-	3,246,252	-	308,040	-	808,603	1,116,643	1,812,141	(134,767)	1,677,374
Kenmare School	3,524,264	23,094	-	395,714	-	418,808	-	39,741	-	241,758	281,499	233,790	(40,293)	193,497
Kensal School	885,601	5,803	-	99,438	31,071	136,312	-	9,986	-	-	9,986	58,748	5,178	63,926
Kidder County School District	4,493,123	29,443	-	504,501	-	533,944	-	50,667	-	233,772	284,439	298,061	(38,962)	259,099
Killdeer School	5,427,377	35,565	-	609,401	145,021	789,987	-	61,202	-	-	61,202	360,037	24,170	384,207
Kindred School	6,493,514	42,552	-	729,110	-	771,662	-	73,224	-	80,993	154,217	430,761	(13,499)	417,262
Kulm School	2,231,959	14,626	-	250,611	-	265,237	-	25,169	-	61,317	86,486	148,062	(10,219)	137,843

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -
 North Dakota Teachers' Fund for Retirement
 Schedule of Pension Amounts by Employer
 As of and for the year ended June 30, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Total Employer Pension Expense
Lake Region Spec Ed	3,624,616	23,752	-	406,982	-	430,734	-	40,873	-	117,696	158,569	240,447	(19,616)	220,831
Lakota School	2,294,096	15,033	-	257,588	-	272,621	-	25,869	-	204,828	230,697	152,184	(34,138)	118,046
Lamoure School	3,244,527	21,261	-	364,305	69,054	454,620	-	36,587	-	-	36,587	215,233	11,509	226,742
Langdon Area School	4,345,937	28,479	-	487,974	-	516,453	-	49,007	-	46,059	95,066	288,297	(7,577)	280,620
Larimore School	4,139,453	27,126	-	464,790	-	491,916	-	46,678	-	397,318	443,996	274,600	(66,220)	208,380
Leeds School	2,298,438	15,062	-	258,075	32,660	305,797	-	25,918	-	-	25,918	152,472	5,443	157,915
Lewis And Clark School	5,387,055	35,301	-	604,874	57,919	698,094	-	60,747	-	-	60,747	357,362	9,653	367,015
Lidgerwood School	2,287,596	14,991	-	256,858	-	271,849	-	25,796	-	120,119	145,915	151,753	(20,020)	131,733
Linton School	3,387,005	22,195	-	380,303	-	402,498	-	38,193	-	133,151	171,344	224,684	(22,192)	202,492
Lisbon School	6,866,384	44,995	-	770,977	-	815,972	-	77,428	-	293,727	371,155	455,497	(48,955)	406,542
Litchville-Marion School	1,706,476	11,182	-	191,608	-	202,790	-	19,243	-	85,781	105,024	113,203	(14,297)	98,906
Little Heart Elem. School	217,614	1,426	-	24,434	4,529	30,389	-	2,454	-	-	2,454	14,436	755	15,191
Logan County	8,671	57	-	974	-	1,031	-	98	-	249	347	575	(41)	534
Lone Tree Elem. School	472,384	3,096	-	53,041	26,223	82,360	-	5,327	-	-	5,327	31,337	4,371	35,708
Lonetree Spec Ed Unit	307,019	2,012	-	34,473	-	36,485	-	3,462	-	3,308	6,770	20,367	(551)	19,816
Maddock School	2,065,260	13,534	-	231,893	-	245,427	-	23,289	-	1,431	24,720	137,004	(238)	136,766
Mandan Public Schools	38,498,679	252,280	-	4,322,741	1,220,354	5,795,375	-	434,129	-	-	434,129	2,553,894	203,392	2,757,286
Mandaree School	3,285,267	21,528	-	368,879	-	390,407	-	37,046	-	249,943	286,989	217,935	(41,657)	176,278
Manning Elem School	179,176	1,174	-	20,118	20,055	41,347	-	2,020	-	-	2,020	11,886	3,342	15,228
Marvel Elem. School	1,573,415	10,311	-	176,668	-	186,979	-	17,743	-	62,131	79,874	104,376	(10,355)	94,021
Maple Valley School	3,331,748	21,833	-	374,098	-	395,931	-	37,570	-	98,168	135,738	221,019	(16,361)	204,658
Mapleton Elem. School	1,436,038	9,410	-	161,242	20,641	191,293	-	16,193	-	-	16,193	95,263	3,440	98,703
Marmarth Elem. School	283,478	1,858	-	31,830	-	33,688	-	3,197	-	45,523	48,720	18,805	(7,587)	11,218
Max School	2,358,547	15,455	-	264,824	-	280,279	-	26,596	-	31,467	58,063	156,459	(5,245)	151,214
May-Port C-G School	5,562,033	36,448	-	624,521	81,500	742,469	-	62,720	-	-	62,720	368,970	13,583	382,553
Mcclusky School	1,407,161	9,221	-	158,000	-	167,221	-	15,868	-	181,475	197,343	93,347	(30,246)	63,101
Mckenzie County	103,726	680	-	11,647	-	12,327	-	1,170	-	10,270	11,440	6,881	(1,712)	5,169
Mckenzie County School	11,891,150	77,922	-	1,335,172	1,408,485	2,821,579	-	134,090	-	-	134,090	788,825	234,747	1,023,572
Medina School	1,945,513	12,749	-	218,448	-	231,197	-	21,938	-	89,466	111,404	129,060	(14,911)	114,149
Menoken Elem School	269,824	1,768	-	30,297	6,456	38,521	-	3,043	-	-	3,043	17,899	1,076	18,975
Midkota	2,120,308	13,894	-	238,074	-	251,968	-	23,910	-	102,955	126,865	140,655	(17,159)	123,496
Midway School	2,853,295	18,698	-	320,376	-	339,074	-	32,175	-	116,255	148,430	189,280	(19,376)	169,904
Milnor School	3,086,813	20,228	-	346,596	-	366,824	-	34,808	-	42,423	77,231	204,770	(7,071)	197,699
Minnewaukan School	3,438,077	22,530	-	386,037	-	408,567	-	38,769	-	152,233	191,002	228,072	(25,372)	202,700
Minot School	88,838,849	582,158	-	9,975,078	-	10,557,236	-	1,001,787	-	1,184,169	2,185,956	5,893,319	(197,361)	5,695,958
Minto School	2,412,954	15,812	-	270,933	8,433	295,178	-	27,210	-	-	27,210	160,069	1,406	161,475
Mohall Lansford Sherwood	4,818,884	31,578	-	541,078	-	572,656	-	54,340	-	133,469	187,809	319,671	(22,245)	297,426
Montpelier School	1,489,869	9,763	-	167,287	3,795	180,845	-	16,800	-	-	16,800	98,834	632	99,466
Morton County	60,658	397	-	6,811	1,749	8,957	-	684	-	-	684	4,024	291	4,315
Mott-Regent School	3,163,558	20,731	-	355,213	-	375,944	-	35,674	-	61,217	96,891	209,862	(10,203)	199,659

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -
 North Dakota Teachers' Fund for Retirement
 Schedule of Pension Amounts by Employer
 As of and for the year ended June 30, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Mt Pleasant School	3,308,978	21,684	-	371,541	48,989	442,214	-	37,314	-	37,314	219,508	8,165	-	227,673
Munich School	1,761,524	11,543	-	197,789	52,565	261,897	-	19,864	-	19,864	116,855	8,761	-	125,616
N Ctr Area Career And Tech Ctr	305,293	2,001	-	34,279	-	36,280	-	3,443	-	3,443	20,252	(690)	-	19,562
Napoleon School	3,102,311	20,329	-	348,336	-	368,665	-	34,983	-	34,983	59,806	205,799	(4,137)	201,662
Naughton Rural School	145,028	950	-	16,284	-	17,234	-	1,635	-	1,635	3,672	9,621	(339)	9,282
Nd Center For Distance Education	2,927,359	19,183	-	328,692	714,548	1,062,423	-	33,010	-	33,010	194,193	119,091	-	313,284
Nd Dept Of Public Instruction	241,325	1,581	-	27,097	-	28,678	-	2,721	-	2,721	16,009	(902)	-	15,107
Nd School For Blind	1,388,890	9,101	-	155,949	-	165,050	-	15,662	-	15,662	59,893	92,135	(7,372)	84,763
Nd School For Deaf	1,872,666	12,272	-	210,268	32,233	254,773	-	21,117	-	21,117	124,227	5,372	-	129,599
Nd United	650,776	4,265	-	73,071	-	77,336	-	7,338	-	7,338	15,612	43,171	(1,379)	41,792
Nd Youth Correctional Cnt	2,442,367	16,005	-	274,236	-	290,241	-	27,541	-	27,541	109,984	162,020	(13,741)	148,279
Nedrose School	2,990,306	19,595	-	335,760	42,086	397,441	-	33,720	-	33,720	198,368	7,014	-	205,382
Nelson County	24,522	161	-	2,753	457	3,371	-	277	-	277	1,627	76	-	1,703
Nesson School	3,109,086	20,374	-	349,097	60,363	429,834	-	35,059	-	35,059	206,248	10,060	-	216,308
New England School	2,602,893	17,057	-	292,260	114,428	423,745	-	29,351	-	29,351	172,669	19,071	-	191,740
New Public School	4,291,740	28,124	-	481,889	-	510,013	-	48,396	-	48,396	284,702	(26,158)	-	258,544
New Rockford Sheyenne School	3,677,924	24,101	-	412,968	5,602	442,671	-	41,474	-	41,474	243,983	934	-	244,917
New Salem-Almont	3,706,710	24,290	-	416,200	166,179	606,669	-	41,799	-	41,799	245,893	27,696	-	273,589
New Town School	8,952,452	58,665	-	1,005,207	329,158	1,393,030	-	100,952	-	100,952	593,880	54,860	-	648,740
Newburg United District	1,296,333	8,495	-	145,556	-	154,051	-	14,618	-	14,618	25,097	85,995	(1,747)	84,248
North Border School	5,411,761	35,463	-	607,648	-	643,111	-	61,025	-	61,025	426,680	487,716	(71,115)	287,886
North Sargent School	2,700,943	17,699	-	303,270	15,634	336,603	-	30,457	-	30,457	179,173	2,606	-	181,779
North Star	3,278,152	21,482	-	368,080	43,089	432,651	-	36,966	-	36,966	217,463	7,182	-	224,645
North Valley Area Career	1,109,888	7,270	-	124,565	-	131,835	-	12,510	-	12,510	73,594	(27,289)	-	46,305
Northern Cass School Dist	5,410,767	35,457	-	607,536	38,481	681,474	-	61,014	-	61,014	358,935	6,413	-	365,348
Northern Plains Spec Ed	554,792	3,636	-	62,294	99,409	165,339	-	6,256	-	6,256	36,803	16,568	-	53,371
Northwood School	2,924,940	19,167	-	328,421	6,189	353,777	-	32,983	-	32,983	194,032	1,031	-	195,063
Oakes School	4,164,185	27,288	-	467,566	-	494,854	-	46,957	-	46,957	138,559	276,240	(15,267)	260,973
Oberon Elem School	904,251	5,926	-	101,532	-	107,458	-	10,197	-	10,197	62,667	59,985	(10,445)	49,540
Oliver - Mercer Spec Ed	2,006,211	13,147	-	225,263	62,001	300,411	-	22,623	-	22,623	133,086	10,334	-	143,420
Page School	1,476,608	9,676	-	165,798	-	175,474	-	16,651	-	16,651	37,054	97,954	(3,400)	94,554
Park River Area School District	4,268,604	27,972	-	479,291	-	507,263	-	48,135	-	48,135	174,741	283,167	(29,123)	254,044
Parshall School	3,488,926	22,863	-	391,747	-	414,610	-	39,343	-	39,343	213,726	231,446	(29,064)	202,382
Peace Garden Spec Ed	1,071,500	7,021	-	120,311	63,939	191,271	-	12,083	-	12,083	71,080	10,656	-	81,736
Pembina Spec Ed Coop	216,005	1,415	-	24,254	-	25,669	-	2,436	-	2,436	125,932	14,329	(20,583)	(6,254)
Pingree - Buchanan School	1,639,240	10,742	-	184,058	-	194,800	-	18,485	-	18,485	55,406	73,891	(9,234)	99,509
Pleasant Valley Elem	-	-	-	-	-	-	-	-	-	-	28,517	28,517	(4,753)	(4,753)
Powers Lake School	2,167,691	14,205	-	243,395	39,165	296,765	-	24,444	-	24,444	143,799	6,528	-	150,327
Richardton-Taylor	3,603,978	23,617	-	404,665	94,373	522,655	-	40,640	-	40,640	239,078	15,729	-	254,807
Richland School	3,335,122	21,855	-	374,477	-	396,332	-	37,608	-	37,608	81,819	221,243	(7,369)	213,874

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Robinson School	79,164	519	-	8,889	-	9,408	-	893	-	60,810	61,703	5,252	(10,135)	(4,883)
Rolette County	-	-	-	-	-	-	-	-	-	6,824	6,824	-	(1,137)	(1,137)
Rolette School	2,454,439	16,084	-	275,591	103,909	395,584	-	27,677	-	27,677	162,821	162,821	17,318	180,139
Roosevelt School	808,634	5,299	-	90,796	-	96,095	-	9,119	-	41,023	50,142	53,642	(6,837)	46,805
Roughrider Area Career & Tech Ctr	340,487	2,231	-	38,231	-	40,462	-	3,839	-	14,959	18,798	22,587	(2,493)	20,094
Roughrider Service Program	406,782	2,666	-	45,675	159,742	208,083	-	4,587	-	-	4,587	26,985	26,624	53,609
Rugby School	6,539,747	42,855	-	734,301	-	777,156	-	73,745	-	6,795	80,540	433,828	(1,132)	432,696
Rural Cass Spec Ed	2,181,620	14,296	-	244,959	-	259,255	-	24,601	-	55,327	79,928	144,723	(9,221)	135,502
Sargent Central School	2,884,004	18,899	-	323,824	-	342,723	-	32,521	-	76,762	109,283	191,317	(12,794)	178,523
Sawyer School	1,870,808	12,259	-	210,060	58,317	280,636	-	21,096	-	-	21,096	124,104	9,719	133,823
Scranton School	2,292,513	15,023	-	257,410	26,660	299,093	-	25,851	-	-	25,851	152,079	4,443	156,522
Se Region Career And Tech	2,848,692	18,667	-	319,859	10,042	348,568	-	32,123	-	-	32,123	188,974	1,674	190,648
Selfridge School	1,734,478	11,366	-	194,752	-	206,118	-	19,559	-	27,603	47,162	115,060	(4,601)	110,459
Sheneye Valley Area Voc	1,476,516	9,676	-	165,787	-	175,463	-	16,650	-	32,709	49,359	97,948	(5,452)	92,496
Sheneye Valley Spec Ed	3,417,766	22,396	-	383,756	60,869	467,021	-	38,540	-	-	38,540	226,725	10,145	236,870
Slope County	50,405	330	-	5,660	-	5,990	-	568	-	745	1,313	3,344	(124)	3,220
Solen - Cannonball School	3,150,859	20,647	-	353,787	-	374,434	-	35,531	-	421,088	456,619	209,019	(70,181)	138,838
Souris Valley Spec Ed	3,276,413	21,470	-	367,885	-	389,355	-	36,946	-	19,002	55,948	217,348	(3,167)	214,181
South Cent. Prairie Sp Ed	204,065	1,337	-	22,913	-	24,250	-	2,301	-	3,585	5,886	13,537	(598)	12,939
South Heart School	2,970,806	19,468	-	333,571	145,280	498,319	-	33,500	-	-	33,500	197,075	24,213	221,288
South Prairie Elem School	2,890,203	18,939	-	324,520	153,902	497,361	-	32,591	-	-	32,591	191,728	25,660	217,378
South Valley Spec Ed	1,488,117	9,752	-	167,090	53,966	230,808	-	16,781	-	-	16,781	98,717	8,994	107,711
Southwest Special Education Unit	128,248	840	-	14,400	-	15,240	-	1,446	-	5,890	7,336	8,508	(982)	7,526
St. John'S School	5,164,982	33,846	-	579,939	35,153	648,938	-	58,243	-	-	58,243	342,630	5,859	348,489
St. Thomas School	1,432,206	9,385	-	160,812	715	170,912	-	16,150	-	-	16,150	95,009	119	95,128
Stanley School	6,604,289	43,278	-	741,548	203,527	988,353	-	74,473	-	-	74,473	438,110	33,921	472,031
Starkweather School	1,213,441	7,952	-	136,249	-	144,201	-	13,683	-	28,835	42,518	80,496	(4,806)	75,690
Sterling School	497,600	3,261	-	55,872	26,720	85,853	-	5,611	-	-	5,611	33,009	4,453	37,462
Strasburg School District	1,606,268	10,526	-	180,356	-	190,882	-	18,113	-	171,026	189,139	106,555	(28,504)	78,051
Surrey School	4,843,681	31,740	-	543,862	23,998	599,600	-	54,620	-	-	54,620	321,316	4,000	325,316
Sweet Briar Elem School	163,717	1,073	-	18,383	1,043	20,499	-	1,846	-	-	1,846	10,861	174	11,035
Tgu School District	5,523,164	36,193	-	620,157	-	656,350	-	62,282	-	80,199	142,481	366,391	(13,366)	353,025
Thompson School	4,065,742	26,643	-	456,513	-	483,166	-	45,847	-	102,558	148,405	269,710	(17,093)	252,617
Tioga School	5,891,757	38,608	-	661,543	458,615	1,158,766	-	66,438	-	-	66,438	390,843	76,436	467,279
Turtle Lake-Mercer School	2,461,279	16,129	-	276,359	-	292,488	-	27,755	-	195,292	223,047	163,274	(32,549)	130,725
Twin Buttes Elem. School	952,786	6,244	-	106,981	-	113,225	-	10,744	-	31,021	41,765	63,205	(5,170)	58,035
Underwood School	3,167,494	20,756	-	355,655	-	376,411	-	35,718	-	33,772	69,490	210,123	(5,629)	204,494
United School	5,894,072	38,624	-	661,803	-	700,427	-	66,464	-	268,746	335,210	390,996	(44,791)	346,205
Upper Valley Spec Ed	4,933,321	32,328	-	553,927	131,841	718,096	-	55,630	-	-	55,630	327,263	21,973	349,236
Valley - Edinburg School	3,073,630	20,141	-	345,116	-	365,257	-	34,660	-	66,153	100,813	203,896	(11,026)	192,870

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Valley City School	11,963,985	78,400	-	1,343,350	-	1,421,750	-	134,911	-	887,500	1,022,411	793,657	(147,917)	645,740
Velva School	5,027,068	32,942	-	564,454	-	597,396	-	56,688	-	148,209	204,897	333,482	(24,702)	308,780
Wahpeton School	13,922,942	91,237	-	1,563,308	-	1,654,545	-	157,001	-	101,227	258,228	923,609	(16,871)	906,738
Ward County	58,396	383	-	6,557	-	6,940	-	658	-	229	887	3,874	(38)	3,836
Warwick School	3,786,267	24,811	-	425,133	268,796	718,740	-	42,696	-	42,696	251,170	44,799	-	295,969
Washburn School	3,197,353	20,952	-	359,008	-	379,960	-	36,055	-	18,565	54,620	212,103	(3,094)	209,009
West Fargo School	102,340,701	670,635	-	11,491,105	3,270,290	15,432,030	-	1,154,040	-	1,154,040	6,788,994	545,048	-	7,334,042
West River Student Services	1,436,051	9,410	-	161,244	102,201	272,855	-	16,194	-	16,194	95,264	17,033	-	112,297
Westhope School	2,251,460	14,754	-	252,800	107,654	375,208	-	25,388	-	25,388	149,355	17,942	-	167,297
White Shield School	2,971,172	19,470	-	333,612	-	353,082	-	33,504	-	90,877	124,381	197,099	(15,146)	181,953
Williston School	34,969,066	229,151	-	3,926,426	2,783,227	6,938,804	-	394,327	-	394,327	2,319,749	463,871	-	2,783,620
Wilmac Special Education	6,155,865	40,339	-	691,198	452,397	1,183,934	-	69,416	-	69,416	408,363	75,399	-	483,762
Wilton School	2,566,784	16,820	-	288,206	7,947	312,973	-	28,944	-	28,944	170,273	1,324	-	171,597
Wing School	1,385,620	9,080	-	155,581	-	164,661	-	15,625	-	24,951	40,576	91,918	(4,159)	87,759
Wishek School	2,486,193	16,292	-	279,157	20,581	316,030	-	28,035	-	28,035	164,927	3,430	-	168,357
Wolford School	1,085,742	7,115	-	121,910	40,000	169,025	-	12,243	-	12,243	72,025	6,667	-	78,692
Wyndmere School	2,936,893	19,245	-	329,763	-	349,008	-	33,118	-	106,899	140,017	194,825	(17,816)	177,009
Yellowstone Elem. School	1,104,771	7,240	-	124,047	50,191	181,478	-	12,458	-	12,458	73,287	8,365	-	81,652
Zeeland School	950,955	6,232	-	106,776	-	113,008	-	10,723	-	42,603	53,326	63,084	(7,100)	55,984
Total for all entities	1,307,855,182	8,570,326	\$ -	146,849,697	19,310,133	174,730,156	\$ -	14,747,971	\$ -	19,310,133	34,058,104	86,759,429	-	86,759,429

Note: Columns may not foot due to rounding.

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Notes to Schedules of Employer Allocations and Pension Amounts by Employer
As of and for the year ended June 30, 2015

Note 1 – Nature and Organization of the Pension Plan

North Dakota Teachers' Fund for Retirement

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

Pension Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

Tier 1 Grandfathered

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
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reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Death and Disability Benefits

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

Member and Employer Contributions

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
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service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

Note 2 - Measurement Focus and Basis of Accounting

The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB they are reported using the economic resources measurement focus and the accrual basis of accounting.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Fund for Retirement (TFFR) and additions to/deductions from TFFR's fiduciary net position have been determined on the same basis as they are reported by TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Net Pension Liability

The net pension liability of \$1,307,855,182 was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employers' proportions of the net pension liability are based on the Employers' shares of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers.

Note 4 - Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2015 funding actuarial valuation for TFFR.

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Notes to Schedules of Employer Allocations and Pension Amounts by Employer
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	57%	7.5%
Global Fixed Income	22%	1.3%
Global Real Assets	20%	5.4%
Cash Equivalents	1%	0.0%

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2015 Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2015.

Note 5 - ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the net pension liability and the unmodified audit opinion on the financial statements) is located in the North Dakota Retirement and Investment Office's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The supporting actuarial information is included in the June 30, 2015, GASB Statements No. 67 and 68 Accounting and Financial Reporting for Pensions actuarial valuation for each retirement plan. The additional financial and actuarial information is available at www.nd.gov/rio or by contacting RIO at: ND Retirement and Investment Office, 1930 Burnt Boat Drive, P.O. Bo 7100, Bismarck, ND 58507-7100 or by calling (701) 328-9885.



**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Governor Jack Dalrymple
The Legislative Assembly
David Hunter, Executive Director/CIO
State Investment Board
Teacher's Fund for Retirement Board
North Dakota Retirement and Investment Office

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of employer allocations and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense as of and for the year ended June 30, 2015 (specified column totals), included in the schedule of pension amounts by employer of the North Dakota Retirement and Investment Office - North Dakota Teachers' Fund for Retirement (TFFR), and have issued our report thereon dated January 6, 2016.

Internal Control over Financial Reporting

Management of the North Dakota Retirement and Investment Office (RIO), which includes TFFR, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered RIO's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, but not for the purpose of expressing an opinion on the effectiveness of RIO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of RIO's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RIO's schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of RIO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baltimore, Maryland
January 6, 2016

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: February 26, 2016

SUBJECT: Audit Charter Revisions

The Audit Committee is a standing committee of the State Investment Board (SIB) authorized under SIB Governance Policy B-6, Standing Committees. Its primary function is to assist the SIB in fulfilling its oversight responsibilities of the Retirement and Investment Office (RIO) internal and external audit programs, including the financial reporting process, internal controls, and compliance with laws, regulations, policies, and procedures. SIB Governance Policy B-6 requires the Audit Committee to operate under the terms of a charter approved by the SIB.

Attached is a copy of the current audit charter adopted in June 2009 for your reference. In September 2015 the Committee opted to further revise an audit charter which was proposed by a subcommittee of staff and committee members in September 2013. In October 2015 input was received from the committee chair as well as staff resulting in revisions to the proposed audit charter. The revised charter was presented to the board on November 19, 2015. Following discussions at the November 19, 2015 Audit Committee meeting further revisions were made. Attached is a copy of the revised audit charter for your review and approval.

At the conclusion of any discussion the Audit Committee will need to do one of the following:

- Approve the draft of the audit charter proposed today. The approved audit charter will then be sent to RIO legal counsel for review. Following the required legal review the approved audit charter will be forwarded to the SIB for final approval.
- Request that staff make additional revisions to the audit charter proposed today and return with a final draft in May 2016 for consideration and approval. The approved audit charter will then be sent to RIO legal counsel for review. Following the required legal review the approved audit charter will be forwarded to the SIB for final approval.

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. Review and approve the annual work plan detailing the planned scope of internal audits of RIO activities and functions, and review the results of the internal audit program.
3. Discuss with the internal auditors' significant internal audit recommendations and review and analyze RIO's internal accounting control systems and related policies and control systems.
4. Review the coordination of the internal audit work with the external auditor's work.
5. 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. 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. Review with the 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 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 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.

Approved minutes of the Committee will be submitted to the SIB.

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 18, 2007, June 26, 2009.

DRAFT

CHARTER OF THE AUDIT COMMITTEE OF THE NORTH DAKOTA STATE INVESTMENT BOARD

PURPOSE

The Audit Committee (the Committee) is a standing committee of the North Dakota State Investment Board (SIB) created to fulfill its fiduciary oversight responsibilities of the North Dakota Retirement and Investment Office (RIO) and to serve as a communications link among the SIB, the RIO's management and Audit Services staff, independent auditors, and others.

The Committee will assist with the integrity of the RIO's financial reporting process and system of internal controls, the RIO's compliance with legal and regulatory requirements, the performance of the RIO's Audit Services function and independent auditors, and the RIO's management of risks in the Committee's areas of responsibility.

AUTHORITY

The Committee is authorized to provide oversight to the Audit Services function and the independent audit for the RIO. These activities provide assurance that RIO's financial condition and results of operations are accomplished in accordance with the RIO's policies and procedures and legal and regulatory requirements. The Committee may investigate any activity of the RIO and may retain persons as necessary from within or outside the RIO having special competence to assist the Committee in the accomplishment of its responsibilities.

The RIO's Supervisor of Audit Services will be the staff member reporting administratively to the Executive Director/Chief Investment Officer and functionally to the Committee.

The RIO's management will supervise the administrative activities of the Audit Services function and independent audit activities such as securing contracts, paying fees, maintaining official reports, and other appropriate activities.

COMPOSITION

The Committee will consist of five members, selected by and approved by the SIB. Three members of the Committee will represent the three groups on the SIB: Teachers' Fund for Retirement (TFFR) Board, Public Employees Retirement System (PERS) Board, and elected and appointed officials, and two members selected from outside of the SIB and the RIO. The SIB should select committee members who are both independent and financially literate.

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 elect a Chair, a Vice Chair, and a liaison. The Chair will preside at all meetings of the 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 independent audit and at least four times a year to the SIB and TFFR board on the activities of the Committee and other pertinent information.

The Committee may form, and delegate authority to, subcommittees when it deems appropriate.

MEETINGS

The Committee will meet generally four times a year, with authority to convene additional meetings, as circumstances require or to adequately fulfill all the obligations and duties as outlined in this charter.

Meeting agendas will be prepared by the Supervisor of Audit Services and approved by the Committee Chair, unless otherwise directed by the Committee and will be provided to the Committee members along with briefing materials before the scheduled committee meeting.

Committee members are expected to attend each meeting, in person or via tele- or video-conference. The RIO's executive management and Supervisor of Audit Services and others necessary to provide information and to conduct business will attend meetings. The Committee may invite staff of the RIO, auditors or others to attend meetings, as necessary. The Committee may meet separately with the staff of the RIO, auditors and others. The Committee may, at its discretion, elect to meet without the presence of the RIO's executive management and/or Supervisor of Audit Services or others. The Committee may hold executive sessions as allowed under state law.

The Committee will act only on the affirmative vote of a majority of the committee members at a meeting or by unanimous consent. To conduct business, a quorum will be three members of the Committee. Should a quorum not be present before a scheduled meeting or during a meeting, the Chair will announce the absence of a quorum and the members will disburse. Meetings unable to transact business for lack of a quorum are not considered meetings. Meeting minutes will be prepared by the RIO, or as otherwise directed by the Committee. Approved meeting minutes of the Committee will be submitted to the SIB.

RESPONSIBILITIES

The RIO's management is responsible for financial and other reporting, internal controls, and compliance with laws, regulations, and ethics. The Committee has the responsibility to provide oversight in the areas of:

- the reliability and integrity of financial and operating information;
- compliance with policies, plans, procedures, pertinent laws and regulations;
- 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:

Independent Audit

- Review the independent auditors' proposed audit scope and approach, including coordination of audit effort with RIO's Audit Services staff and any developments in accounting principles and auditing standards that may affect either the financial statements or the audit.
- Meet with the independent auditors to discuss any matters that the Committee or auditors believe should be discussed privately (out of the presence of RIO's management and/or Audit Services staff, as appropriate) and review any restrictions on the audit work.
- Inquire as to any proposed changes in accounting or financial reporting procedures and of any unusual events that could impact the financial statements.
- Review the results of the financial statements report with the independent auditors and the RIO's management, prior to the release of the financial statements report to the SIB and other officials. This review will include the following, as applicable:
 - Any major problems encountered by the independent auditors and the resolution thereof;
 - The effect on the audit of any developments;
 - Any unresolved differences between the independent auditors and the RIO's management;
 - Any other significant comments or recommendations of the independent auditors or the RIO's management;
 - The adequacy of the RIO's internal accounting controls and accounting policies, procedures, and practices; and
 - Understand the scope of independent auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with the RIO's management responses.
- Consider the effectiveness of the RIO's internal control system, including information technology security and control.
- Consider whether the financial statements are complete, consistent with information known to committee members, and reflect appropriate accounting principles. This will include the following, as applicable:
 - The accuracy and completeness of the information in other sections of the annual report and related regulatory filings;
 - The significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements; and

- All matters required to be communicated to the Committee under generally accepted auditing standards with the RIO's management and the independent auditors.
- Review non-audit services, if any, performed for the RIO by the independent auditors.

Audit Services

- Consider the effectiveness of the Audit Services function, within The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing* consisting of the *Definition of Internal Auditing, Code of Ethics and the Standards*.
- Review with the RIO's management and the Supervisor of Audit Services the audit charter, activities, staffing, and organizational structure of Audit Services.
- Review and approve the annual work plan and all major changes to the plan.
- Meet with the RIO's Supervisor of Audit Services to discuss any matters that the Committee or Audit Services believes should be discussed privately (out of the presence of RIO's management and/or the independent auditors, as appropriate) and review any restrictions on the audit work.
- Participate with RIO's management in the appointment and annual evaluation of the Supervisor of Audit Services. Work with RIO's management on any changes in staffing, including the addition, termination, or replacement of auditors, and the approval of salary increases and/or promotions other than those authorized by the legislature.

Compliance

- Review compliance by TFFR participating employers as it relates to TFFR laws, rules and policies through the receipt of employer audit results.
- Review the RIO's staff compliance with federal and state law, North Dakota administrative code, the SIB and TFFR Board programs, and the process for communicating the code of conduct to the RIO's staff, and for monitoring compliance through the receipt of the audit results.
- Obtain updates from the RIO's management and legal counsel regarding compliance matters, as deemed necessary.

Reporting Responsibilities

- Report to the SIB about the Committee's activities, issues, and related recommendations.
- Provide a written report annually to the SIB, describing the Committee's composition, responsibilities and how they were discharged, and any other information required.

Other Responsibilities

- Make recommendations to the North Dakota State Auditor's Office, when appropriate, as it relates to selection, evaluation, and termination of independent auditors.
- Obtain the information and training needed to enhance the committee members' understanding of the role of Audit Services and the independent auditor, the risk management process, internal controls, and a certain level of familiarity in financial reporting standards and processes so the Committee may adequately oversee.
- Serve as an open avenue of communication among the SIB, the RIO's management and Audit Services, the independent auditors, and others.
- Serve as an appropriate confidential body for individuals to provide information on potentially fraudulent financial reporting or breaches of internal control.
- Inquire of management and Audit Services regarding the procedures in place for the prevention of illegal payments, conflicts of interest, or other questionable practices.
- Meet with the RIO's management to discuss any matters that the Committee or management believes should be discussed privately (out of the presence of Audit Services staff and/or the independent auditors, as appropriate) and review any restrictions on the audit work.
- Perform other activities related to this charter as requested by the SIB.
- Institute and oversee special investigations as needed.
- Review any other reports the RIO issues that relates to the Committee's responsibilities.
- Review and assess the adequacy of the Committee charter annually, requesting the SIB approval for proposed changes.
- Confirm annually the review of all responsibilities outlined in this charter.

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, February 25, 2016.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: February 26, 2016

SUBJECT: 2016-2017 SIB Audit Committee Meeting Dates

The 65th Legislative Assembly is expected to convene on Tuesday January 3, 2017. Once the legislative assembly has convened the availability of meeting rooms and other resources is limited. As a result the Retirement and Investment Office (RIO) must reserve meeting space for fiscal year 2017 SIB, Teachers' Fund for Retirement (TFFR), and SIB Audit Committee meetings now.

Included is a proposed schedule for 2016-2017 SIB Audit Committee meeting dates. The Audit Committee (per the proposed revised charter) will generally meet four times a year with the authority to convene additional meetings as needed. The following items are time sensitive and do require action by the SIB Audit Committee and the SIB:

- The RIO Financial Audit Report for FY 2016 must be approved prior to November 18, 2016.
- The Executive Limitation Audit Report must be approved prior to February 23, 2017.
- The RIO Financial Audit Scope and Approach for FY 2017 and the GASB 68 Schedules Audit Report must be approved prior to May 26, 2017.

It is requested that the Audit Committee be prepared to discuss the proposed meeting schedule as the Committee will be required to approve a meeting schedule for fiscal year 2017 on February 26, 2016.

2016 - 2017 TFFR, SIB, and SIB Audit Committee Meeting Schedule

July 2016		January 2017	
21	TFFR - 1:00 pm	26	TFFR - 1:00 pm
22	SIB - 8:30 am (Retreat)	27	SIB - 8:30 am
August 2016		February 2017	
--	TFFR - No meeting	--	TFFR - No meeting
26	SIB - 8:30 am	23	SIB Audit Comm - 3:00 pm
		24	SIB - 8:30 am
September 2016		March 2017	
22	TFFR - 1:00 pm	23	TFFR - 1:00 pm
23	SIB - 8:30 am	24	SIB - 8:30 am
23	SIB Audit Comm - 1:00 pm		
October 2016		April 2017	
27	TFFR - 1:00 pm	27	TFFR - 1:00 pm
28	SIB - 8:30 am	28	SIB - 8:30 am
November 2016		May 2017	
--	TFFR - No meeting	--	TFFR - No meeting
17	SIB Audit Comm - 3:00 pm	25	SIB Audit Comm - 3:00 pm
18	SIB - 8:30 am	26	SIB - 8:30 am
December 2016		June 2017	
--	No meetings	--	No meetings

Notes:

1. SIB meetings scheduled for 4th Friday of each month.
 - *Exception – November 2016 is scheduled for the 3rd Friday due to Thanksgiving.*
2. TFFR meetings scheduled for day preceding SIB meetings.
3. Three SIB Audit Committee meetings scheduled to precede SIB meetings for the following reasons:
 - *November 2016 RIO Financial Audit Report for FY 2016 – CliftonLarsonAllen*
 - *February 2017 Executive Limitation Audit Report for CY 2016 – Audit Services*
 - *May 2017 RIO Financial Audit Scope and Approach for FY 2017 + GASB 68 Schedules Audit Report – CliftonLarsonAllen*

The SIB Audit Committee is required to approve the above items prior to submission to the SIB.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: February 26, 2016

SUBJECT: Transparency Enhancement Update

In August 2015 the Retirement and Investment Office (RIO) undertook an effort to improve overall transparency specifically focusing on greater public access to board member information, meeting materials, meeting minutes, meeting schedules, and the audit charter. Included for your information only is an update on transparency enhancement activities which have occurred since August. This project has been successfully completed and moving forward Committee members will need to reference the new website(s) when accessing information related to board activity.

Transparency Enhancement Update – January 15, 2016

Strategic Investment Belief / Goal:

Although SIB meetings are open to the public and RIO is committed to adhering to all applicable open records laws, a transparency enhancement initiative was commenced in mid-2015 in order to make it easier for interested parties to gain access to information on RIO's website. RIO believes these actions support our desire to foster trust, understanding and support within our community.

RIO's Stated Action Plan (as stated in our SIB Meeting Materials for August of 2015):

- 1) Enhance public access to our SIB Governance Manual by adding a new hyperlink on our RIO website (hyperlink accessed by clicking on "SIB Governance Manual" under the "SIB / Board" section); <http://www.nd.gov/rio/SIB/Board/GovernanceManual/default.htm>
- 2) Enhance public access to our SIB Meeting Materials by adding a new hyperlink on our RIO website (hyperlink accessed by clicking on "Meeting Materials" under the "SIB / Board" section); <http://www.nd.gov/rio/SIB/Board/SIB%20Meeting%20Materials/default.htm>
- 3) Enhance public access to our SIB's Audit Committee Charter and Meeting Materials by adding a new hyperlink on our RIO website (hyperlinks accessed by clicking on "SIB Audit Charter" or "Meeting Materials" under the "SIB Audit" section). <http://www.nd.gov/rio/SIB%20Audit/Board/default.htm>

Update: RIO's Supervisor of Information Systems, Rich Nagel, was instrumental in updating RIO's website to achieve these "Transparency Enhancements" in a timely and diligent manner.
