

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: May 22, 2008

SUBJECT: **February 20, 2008 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sharon Schiermeister
Sparb Collins
Leon Heick
John Mongeon, Brady Martz
Aaron Webb, Attorney General's Office

The meeting was called to order at 10:33 a.m.

I. November 21, 2007 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Internal Audit Quarterly Report – Included with the audit committee minutes was the Internal Audit quarterly report which listed all of the projects that are in active status as of January 31, 2008. Discussion was held regarding the Blue Cross Blue Shield (BCBS) 2003-2005 Interest Calculation Report Review. The audit committee concurred with management's decision to close this biennium.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor. At the Loss Control Committee December meeting, the committee discussed how to better monitor and ensure progress is being made to implement the recommendations. As a result of this discussion, a few changes were made to the quarterly report. Ms. Kinsella reviewed the changes to the report format, explained reassignment of

some recommendations so they can be completed before the external auditors return in August. The recommendations from Brady Martz's management letter were added. Staff found there were two identical recommendations, one from the Internal Auditor and one from Brady Martz. Staff will remove the Internal Audit recommendation when this is reported in May. There are now 16 outstanding recommendations. One of the six recommendations from Brady Martz is a carryover from fiscal year June 30, 2006 management letter. A review of the report shows 1 completed and progress made on 4.

III. Administrative

- A. Request for Quality Assurance Review – The International Standards for the Professional Practice of Internal Auditing requires the quality assessment (QA) include both internal and external assessment. This standard became effective January 1, 2002, so the first review should have been completed by January 1, 2007. Extenuating circumstances at NDPERS precluded the Internal Audit Division from completing this requirement. After discussion, the audit committee recommended that staff query Brady Martz whether having a quality assurance review would make an impact on their reliance on Internal Audit's work and bring this back to the May meeting.
- B. Audit Committee Meeting Date & Time – The May audit committee meeting is scheduled for May 21, 2008 at 10:30 am. Ms. Kinsella indicated she is concerned about the start time since the amount of material covered during the meetings has increased. Ms. Kinsella inquired if the audit committee would be willing to move the start time to 10:00 am. The audit committee agreed to move all start times to 10:00 am.
- C. Internal Audit Annual Audit Report for 2007 - Included with the audit committee materials was a copy of the annual Internal Audit Report for 2007 for review and approval. By general consensus, the audit committee approved the report.
- D. Internal Audit Charter Review Matrix– Ms. Kinsella conveyed that since staff reviews the Audit Committee Charter by utilizing a matrix the same thing was done to the Internal Audit Charter. Included with the audit committee materials was a copy of the matrix for review. This review indicated no changes are necessary for the Internal Audit Charter. This item was informational only.
- E. Audit Committee Charter Revision – This item was tabled until the May 2008 audit committee meeting.
- F. Audit Committee Charter Review Matrix – At the last audit committee meeting Ms. Kinsella provided the audit committee with the results of the Audit Committee Charter Review matrix. There were several issues that needed further research, which was completed and presented to the committee. The results of this are described below.
 - 1. Item #2 required that the audit committee attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements. The deliverable is to indicate in

the audit committee minutes which member is knowledgeable and experienced in financial matters, including the review of financial statements. The audit committee determined that Mr. Jon Strinden and Ms. Becky Dorwart are knowledgeable and experienced in financial matters, including the review of financial statements, and was so noted in the minutes.

2. Item #9 discussed financial reporting standards. The ninth bullet stated "Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement." Interim financial information had not been prepared and presented to the Board since late in 1999, due to staffing shortages in the accounting division. The Association of Public Pension Fund Auditors were polled to determine if they implement this best practice. It was determined that most did not have this as a provision in their charter, but one auditor did implement it stating that the best approach is for pension funds to match the quality of accounting that we expect from corporations, thus they should strive to produce financial statements timely. The audit committee felt that the provision should remain in the audit committee charter, with the understanding that they were not required to receive and review interim financial statements, but to understand how management develops the interim financial information.
3. Item #10 discussed risk assessment. The second bullet stated that the Audit Committee will: "Periodically review that the organization has a comprehensive policy on risk management". At this time the agency does not have a policy on risk management.

Ms. Kinsella indicated she searched on the Risk Management web site for their policy and found their Mission and Policy statements, which was included with the audit committee materials. This policy addresses employee and public safety, property and data protection, environmental safety, vehicle fleet safety, and security. While all of these issues are important, these issues are being addressed by the PERS Loss Control Committee, as well as our disaster recovery plan.

In addition, research was done with the Association of Public Pension Fund Auditors to determine what "Comprehensive Policy on Risk Management" meant to them. Some of the agencies have a policy that is specific to their organization. In other words, if they administer pension funds, they utilized the document called "Operational Risks of Defined Benefit and Related Plans and Controls to Mitigate those Risks" as their risk policy, and if they administer investments, they used a document called: "Statements of Key Investment Risks and Common Practices to Address Those Risks". Both of these documents have been adopted by the Association of Public Pension Fund Auditors and NASRA and were provided to the audit committee. The Audit Committee requested that management continue dialog on developing a comprehensive risk management policy and bring a progress report to the May meeting.

4. Item #13 discussed the audit committee's understanding of the purpose of the financial statements audit..." The ninth bullet stated the Audit Committee

“Provide guidelines and mechanisms so that no member of the Audit Committee or organization staff shall improperly influence the auditors or the firm engaged to perform audit services. Research found the contract stating:

Conflict of Interest

Offerors must disclose any instances where the firm or any individuals working on the contract has a possible independence problem or conflict of interest and, if so, the nature of that conflict (e.g. nonaudit services performed for the Client). The Auditor reserves the right to cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the offeror’s proposal or auditor independence. The Auditor’s determination regarding any questions of independence or conflict of interest is final.

In addition there is an Internal Audit Policy #104 that discussed Independence. A copy of this was provided to the Audit Committee. The Internal Audit Division has not been in compliance with this policy. The Audit Committee requested that Internal Audit review, update if necessary, and implement the policy by the May meeting.

- G. Annual Performance Evaluation – It is time for the annual performance evaluations. The due date for having these completed is March 31. Mr. Collins discussed this with the audit committee and they agreed to do the evaluation the same as last year.
- H. Confidential Meeting between Internal Audit and Audit Committee - The meeting between the audit committee and the internal audit division is scheduled to take place in February of each year. Due to the time constraints this item was tabled until the May 2008 audit committee meeting.

IV. Miscellaneous

- A. Pharmacy Benefits Manager (PBM) Project – Since the last meeting staff has continued to press the case for an audit of Prime relating to rebates. Included with the audit committee materials was an email string that was started when Mr. Webb, legal counsel, drafted a proposed request from PERS to the Attorney General asking about the ability to maintain any audit information relating to Prime as confidential. Staff forwarded that draft to BCBS to ensure that if we moved ahead with the request and if the Attorney General ruled that PERS could keep the information “confidential” that it would cover all of their concerns. During this discussion the other items that came forward were relating to “waiving sovereign immunity” and “liquidated damages”. Ms. Kinsella pointed out that in the email that BCBS directed PERS to seek the authority of the Insurance Commissioner on this material. Staff recommended the following:
 - 1. Invite the Insurance Department to the next meeting to discuss what they do and how it relates to PERS efforts.

2. Ask Prime what level of liquidated damages they feel could be asked for if a breach did occur. Pursuant to state law, PERS can agree to liquidated damages, however, PERS must have a legislative appropriation for the amount. Therefore, it would be helpful for PERS in considering this to know what the level of such damages could be if requested.

By general consensus, the audit committee approved staff's recommendation.

- B. NDPERS Board Planning Meeting – In December, there was a planning meeting held by the Board. Per the December 3, 2007 minutes that relate to the audit committee:

Investment Board Review - Mr. Collins reported that the Audit Committee is reviewing topics relating to the State Investment Board. This included inviting the RIO auditors to the next Audit Committee meeting.

The action items for the Audit Committee are as follows:

- √ The audit committee should review and examine the usefulness of hiring an independent firm such as CEM to review the effectiveness of our investment program.
- √ The audit committee should also meet with the SIB to discuss the various asset classes, the types of investments in the classes and the effect, if any, on the overall plan risk.
- √ The audit committee should periodically review and monitor the investment management fees.

It was determined by the audit committee that these action items should be for the investment committee.

- C. LASR Project Status – Included with the audit committee minutes was the first PERSLink quarterly status report. PERS is required to file this report with ITD throughout the duration of the system replacement project. The first three months were the planning phase. In the future the report will have more details. The planning phase went well and the project is on time and on budget. Staff also included their involvement in the Joint Application Design (JAD) meetings to date. This item was informational only.
- D. Brady Martz & Associates – Mr. John Mongeon from Brady Martz presented what he does when auditing RIO's investments. Discussion followed.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided." Included with the audit committee materials was a copy of the report showing the consulting, investment and administrative fees paid during the quarter ended December 31, 2007. This

report was presented to the Board at the January board meeting.

- F. Publications – Included with the audit committee materials was the latest Tone at the Top publications from the Institute of Internal Auditors.

The meeting adjourned at 12:00 p.m.

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: August 22, 2008

SUBJECT: **May 21, 2008 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Leon Heick
Kathy Allen
Bryan Reinhardt
Carole Kessel, ND Insurance Department
Rebecca Ternes, ND Insurance Department

The meeting was called to order at 10:00 a.m.

I. February 20, 2008 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Internal Audit Quarterly Report – The Internal Audit quarterly report listed all of the projects that are in active status as of April 30 2008. Ms. Kinsella reviewed with the audit committee a project staff is working on regarding final average salary. This has an impact on benefits and the retirement fund. Also, with the PERSLink project, salaries will need to be corrected before the data conversion is done.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor.

During the past year efforts have been made to ensure that management continues to work on these recommendations. As part of this process, staff reviews these recommendations and their progress at the quarterly Loss Control

Committee meetings. Ms. Kinsella reported that in the past quarter there were four recommendations completed, progress made on three, and no change for 8 of the recommendations. The audit committee expressed their appreciation to staff for making progress with the recommendations.

III. Administrative

- A. Request for Quality Assurance Review – Included with the audit committee materials was the memo from the February 2008 meeting regarding the Quality Assurance Review. During the discussion the audit committee requested that staff inquire with the external auditor whether having a quality assurance review would have an impact on their reliance on the Internal Audit's work.

The response received from Mr. Pat Brown, Brandy Martz & Associates was: "If a Quality Assurance Review was performed, we would still need to perform the above procedures (selecting a sample of Internal Audit's sample and testing to determine level of reliance) to determine our reliance on the specific tests that were performed by the internal audit that were relevant to our audit."

Staff recommended audit committee action to:

1. Make final decision whether to have a Quality Assurance Review.
2. If we have a review, determine the method of Quality Assurance Review:
 - a. Full external review
 - b. Internal self-assessment with external validation.

The audit committee approved having a Quality Assurance Review done through an internal self-assessment with external validation. Ms. Kinsella indicated she will report back at the August meeting when this will be conducted.

- B. Audit Committee Meeting Date & Time – The August audit committee meeting is scheduled for August 20, 2008 at 10:30 am.
- C. Internal Audit Charter Review Matrix– Staff provided the audit committee with the results of the Audit Committee Charter Review matrix in November 2007 and the subsequent actions in February. There were two issues still outstanding as of the February meeting.

Item #10 discussed risk assessment policy. The second bullet stated that the audit committee will: "Periodically review that the organization has a comprehensive policy on risk management".

Ms. Kinsella met with Mr. Collins and Ms. Knudsen and indicated staff will be providing the audit committee with a quarterly report on the minutes of the loss control meetings and annually Ms. Knudsen will come to the audit committee to do a report on the activities of the loss control committee.

Item #13 discussed the audit committee's understanding of the purpose of the financial statements audit..." The ninth bullet stated the Audit Committee

“Provide guidelines and mechanisms so that no member of the Audit Committee or organization staff shall improperly influence the auditors or the firm engaged to perform audit services.

There is a statement in the contract between the State Auditor’s office and Brady Martz that addresses conflict of interest. In addition, Ms. Kinsella reviewed the Internal Audit policies and found one that discusses independence. The Internal Audit Division has not been in compliance with this policy. A review of the standards provided direction on how best to handle the independence issue. There is a planning memo as part of the audit workpapers that addresses several items as part of the planning process. It is the appropriate place to place this issue as another step for staff to review as part of the planning process for each audit. Ms. Kinsella conveyed a worksheet was included so the audit committee could see where staff will address independence for each audit done.

With the change to the planning workpaper to include the independence review, staff revised the Internal Audit Policy #104 which was included with the audit committee materials. Ms. Kinsella felt that the policy is best to be a general statement, whereby the planning memo is the conduit to ensure the independence issue is reviewed.

Staff recommended the following:

- 1) Approve the recommended changes to the Internal Audit Policy #104.
- 2) Approve bringing the revised Policy #104 before the Board of Directors for their approval at the next board meeting.

By general consensus the audit committee approved staff’s recommendation.

- D. Audit Committee Charter Revision – Included with the audit committee minutes was a draft of the Audit Committee Charter. Ms. Kinsella conveyed staff entered a change that is proposed for the audit committee’s consideration and approval. Discussion followed. Staff will change the wording to “in accordance with NDPERS policy for compensation in effect at that time” and bring to the August meeting for approval.
- E. Annual Performance Evaluation – The annual performance evaluation has been completed. The evaluation form was signed and returned on May 13, 2008.
- E. Confidential Meeting between Internal Audit and Audit Committee - The meeting between the audit committee and the internal audit division is scheduled to take place in February of each year. The meeting was conducted at the end of the meeting.

IV. Miscellaneous

- A. Pharmacy Benefits Manager (PBM) Project – Ms. Rebecca Ternes and Ms. Carole Kessel, ND Insurance Department, presented the process the ND Insurance Department uses to review pharmacy benefits rebates. BCBS had

alerted PERS of the following:

“In the PBM law passed in 2005 (HB 1332), there is a provision that specifically gives the Insurance Department the authority to audit the insurance company to ensure that “the payment received by the pharmacy benefits manager which the covered entity (insurance company) received from the pharmacy benefits manager has been applied toward reducing the covered entity’s rates or has been distributed to covered individuals.” (NDCC 26.1-27.1-06 (1)) In addition, there is a requirement that each insurer must report annually all of these payments (rebate, etc.) to the insurance department.

In addition, a letter from BCBS was included in the audit committee materials. Mr. Collins, Mr. Reinhartdt, Ms. Allen and Mr. Heick participated in a conference call on May 5, 2008 relating to the PBM audit. The letter from BCBS summarizes the outcome of that meeting. Ms. Kinsella conveyed many of the issues have been resolved which means staff can move forward. Staff recommended the development of a request for proposal (RFP) and also proposed requesting if GBS could provide assistance in this effort. Discussion followed. Mr. Collins felt if an RFP was done staff could determine the cost of the audit versus the PBM rebates received and from there determine how to proceed. By general consensus, the audit committee recommended staff issue a request for request for proposal (RFP) from a third party vendor to conduct an audit on the pharmacy benefits manager.

- B. PERSLink Quarterly Report – Included with the audit committee minutes was the PERSLink quarterly status report. Mr. Collins informed the audit committee that ITD is looking for positive project messages and requested PERS staff to present the status of the PERSLink project. ITD felt that PERS has done a great job in managing and controlling our project with success and it continues to do so in the implementation phase. Staff will be presenting its report to the IT Committee on June 5.
- C. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.” Included with the audit committee materials was a copy of the report showing the consulting, investment and administrative fees paid during the quarter ended March 31, 2008.
- D. Publications – Included with the audit committee materials were publications and/or articles from the Institute of Internal Auditors.

The meeting adjourned at 11:20 a.m.

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: November 28, 2008

SUBJECT: **August 20, 2008 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Leon Heick
Deb Knudsen

The meeting was called to order at 10:05 a.m.

I. May 21, 2008 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Internal Audit Quarterly Report – The Internal Audit quarterly report listed all of the projects that are in active status as of July 31, 2008. There were 2 projects completed this quarter.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor.

During the past year efforts have been made to ensure that management continues to work on these recommendations. As part of this process, staff reviews these recommendations and their progress at the quarterly Loss Control Committee meetings. Ms. Kinsella report that in the past quarter there was one recommendation completed, progress made on three, and no change for seven of the recommendations.

III. Administrative

- A. Request for Quality Assurance Review – At the May meeting the audit committee approved having a quality assurance review conducted on the NDPERS internal audit division. The approval included having an internal self-assessment conducted, with an external validation conducted by an outside party.

Ms. Kinsella indicated she contacted the Association of Public Pension Fund Auditors on July 28 of her desire to have someone from the organization conduct an external validation. Included with the audit materials were the responses received to date. Ms. Kinsella conveyed after discussion with Sparb, it has become apparent with that with the upcoming work required of staff due to the PERSLink project and the potential issues with the insurance carrier, staff can not accomplish this task in a timely manner. Staff recommended to postpone conducting a quality assurance review on the internal audit division to a later date. Mr. Leingang approved staff's recommendation. Ms. Dorwart seconded the motion.

- B. Audit Committee Charter Revision – Included with the audit committee minutes was a draft of the Audit Committee Charter. Ms. Kinsella conveyed staff entered the change that was discussed at the last audit committee meeting. Staff recommended approving the changes to the Audit Committee Charter and approving the revised Audit Committee Charter before the Board of Directors for their approval the next Board meeting. Mr. Leingang approved staff's recommendation. Ms. Dorwart seconded the motion.

- C. Audit Committee Meeting Date & Time – The November audit committee meeting is scheduled for November 19, 2008 at 10:00 am.

IV. Miscellaneous

- A. Pharmacy Benefits Manager (PBM) Project – A meeting was held with Blue Cross Blue Shield and Prime Therapeutics on Tuesday, August 19, 2008 to discuss the following:

- 1) Rebate process
- 2) RFP to third party
- 3) General discussion
- 4) Time frames

Prime Therapeutics agreed to provide NDPERS with appropriate language for an RFP, as well as their methodology. They will provide their terms and conditions, language regarding confidentiality, what can be done offsite versus onsite, what will be proprietary information as well as any other restrictions, such as nondisclosures, background checks, etc. They will also draft an audit agreement. They also requested that they are given an opportunity to review findings before they go into a report. The timeframe will be historical, probably for the last quarter that is closed.

Discussion was held how to select the sample, whether it be the top 10 in drug volume or drug cost. Prime Therapeutics will provide a report of manufacturers and the statistics. This information will be provided by September 12.

- B. Risk Management Report – At the May audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time It was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Deb Knudsen, who oversees the Loss Control Committee, presented an overview of the Committee.
- C. PERSLink Quarterly Report – Included with the audit committee minutes was the PERSLink quarterly status report. NDPERS is required to file this report with ITD throughout the duration of the system replacement project. Ms. Kinsella conveyed the project is on target to go live on October 1 with Pilot 1.1, which consists of contact management, scheduling appointments and seminars, and some workflow, which will require scanning documents as they come in the mail.
- D. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.” Included with the audit committee materials was a copy of the report showing the consulting, investment and administrative fees paid during the quarter ended June 30, 2008.
- E. Publications – Included with the audit committee materials were publications and/or articles from the Institute of Internal Auditors.

The meeting adjourned at 11:10 a.m.

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: February 25, 2009

SUBJECT: **November 19, 2008 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Leon Heick
Pat Brown
John Mongeon
John Schell

The meeting was called to order at 10:00 a.m.

I. August 20, 2008 Audit Committee Minutes

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

II. Internal Audit Quarterly Report

- A. Internal Audit Quarterly Report – The Internal Audit quarterly report listed all of the projects that are in active status as of October 31, 2008.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor.

During the past year efforts have been made to ensure that management continues to work on these recommendations. As part of this process, staff reviews these recommendations and their progress at the quarterly Loss Control Committee meetings. Ms. Kinsella reported that in the past quarter there were two recommendations completed, progress made on two, and no change for six of the recommendations.

III. Administrative

- A. Enterprise Risk Management Assessment – Per the business plan, an enterprise risk management assessment is to be conducted on the agency every four years, and 2008 is the year staff was to do this assessment. Due to the number of projects the Internal Audit staff is working on and the time being spent on the PERSLink project, staff recommended postponement of conducting the enterprise risk management assessment to 2012. By general consensus the audit committee approved staff's recommendation.
- B. Internal Audit Annual Audit Plan for 2009 – Included with the audit committee materials was a copy of the Audit Plan for January 1, 2008 through December 31, 2009. An attachment with a progress report on the planned audits listed in the audit plan was also included. This was for information only.
- C. Audit Committee Meeting Date & Time – Ms. Kinsella compiled a schedule of the proposed 2009 audit committee meeting dates and times. The audit committee approved the 2009 meeting schedule.

IV. Miscellaneous

- A. Brady Martz & Associates Audit Presentation – Brady Martz presented their FY 2008 audit report to the audit committee. A copy of the audit report was included in the audit committee materials.
- B. Pharmacy Benefits Manager (PBM) Project – Ms. Kinsella conveyed staff had received information from BCBS but due to the BCBS renewal process and legislative bills, staff had not been able to review the material. Ms. Kinsella indicated it was staff's goal to have this fully initiated during the first quarter of 2009.
- C. Risk Management Report – At the May audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time it was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Deb Knudsen, who oversees the Loss Control Committee, will come to the August meeting each year to update the audit committee on the Loss Control Committee, its purpose, and to answer any questions the audit committee may have. Included with the audit committee materials was a copy of the approved meeting minutes for June 2008 and the agenda for the September 2008 meeting.
- D. PERSLink Quarterly Report – Included with the audit committee minutes was the PERSLink quarterly status report. NDPERS is required to file this report with ITD throughout the duration of the system replacement project. This was for information only.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-

procedures and any non-audit services provided.” Included with the audit committee materials was a copy of the report showing the consulting, investment and administrative fees paid during the quarter ended September 30, 2008.

- F. Continuing Professional Education – Ms. Kinsella indicated she attended the Association of Public Pension Fund Auditors (APPFA) conference in Charleston, South Carolina on November 3-5, 2008. This seminar provided 17 continuing professional education credits. Ms. Kinsella included a list of the topics discussed at the conference in the audit committee materials.
- G. Publications – Included with the audit committee materials were publications and/or articles from the Institute of Internal Auditors.

The meeting adjourned at 11:00 a.m.