

MEMORANDUM

TO: Audit Committee
Jon Strinden
Arvy Smith
Rebecca Dorwart

FROM: Jamie Kinsella, Internal Auditor

DATE: September 4, 2015

SUBJECT: **August 19, 2015 Audit Committee Meeting**

In Attendance:
Jon Strinden
Arvy Smith
Rebecca Dorwart
Jamie Kinsella
Julie McCabe
Sparb Collins
Sharon Schiermeister
Bryan Reinhardt

The meeting was called to order at 10:04 a.m.

I. May 20, 2015 Audit Committee Minutes

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

II. Internal Audit Reports

- A. Quarterly Audit Plan Status Report – A summary of the internal audit staff time spent for the past quarter was included with the audit committee materials. An updated report was handed out to the Audit Committee. Discussion followed regarding root causes of errors and what is being done to address these issues.

- B. Audit Recommendations 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. The report has been updated to reflect what has been accomplished during May 1, 2015 through July 31, 2015.

Audit Committee questioned implementation dates of the action plans. They would like to see more work done on the audit findings. Sharon Schiermeister responded that due to legislation, Medicare Part D and benefit calculation programming changes taking priority, progress is slow, but she is optimistic they will get more done soon. The accounting division had turnover recently but will get a new FTE in Accounting which will have a positive impact in making progress on these projects. The Audit Committee suggested revisiting old issues and considered removing them due to their age, but Sharon feels they are still valid and should remain until completed.

- C. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the audit committee. The report is in two sections, Retirement and Insurance. This report has 7 retirement and 28 insurance adjustments. Most were due to RHIC as a result of the RHIC portability program implementation.

III. Administrative

- A. Audit Committee Meeting Date & Time – The next audit committee meeting is scheduled for November 18, 2015 at 10:00 a.m.

IV. Miscellaneous

- A. CliftonLarsonAllen Update – Brian Kiernan and Nathan Chadsey finished their preliminary work May 22, 2015. IT fieldwork was conducted July 20-21, 2015. They will be in our office the week of August 31 – September 4, 2015 completing their fieldwork.
- B. Travel Expenditures Update – There are no travel expenditures incurred by the Board and/or Executive Director for out-of-state travel for the period May 1, 2015 through July 31, 2015.
- C. Risk Management Report - The Loss Control Committee provides quarterly to the Audit Committee a copy of the Loss Control Committee's agenda from their last meeting as well as the approved minutes. Copies of the March 30, 2015 minutes and the agenda for the June 23, 2015 meeting were provided to the audit committee.

Bryan Reinhardt provided an overview of past year's activities. The NDPERS Disaster Recovery and COG planning did not go as smoothly as the year before – this will be reviewed in September with ITD. ITD had new staff oversee the process; so it was good to have problems to learn from. Internal Servers and PERSLink Servers were brought up, but they could not get phones up. They plan to do cyber security and penetration testing in the next year.

- 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." A copy of the report showing

the actuary/consulting audit, legal, investment and administrative fees paid during the quarter ended March 2015 is attached. The report for the quarter ended June 30, 2015 has not been provided to the board as of July 16, 2015.

- E. Publications – The July/August 2015 publications of the Tone at the Top were provided to the audit committee for their perusal.
- F. Webinars and CPE's – Ms. Kinsella and Ms. McCabe have been participating in free Webinars that the Institute of Internal Auditors provides for their members. Each 1 hour webinar provides 1 hour of continuing professional education credits. The internal auditors have attended four webinars from May 1, 2015 through June 30, 2015. These webinars are held during the lunch hour so the internal auditors remain available to staff during normal business hours.

Meeting adjourned at 11:04 a.m.