

AUDIT COMMITTEE MEETING

Wednesday, February 15, 2022 – 2:30 PM
Workforce Safety & Insurance Board Room
1600 E Century Ave Suite 1, Bismarck, ND 58503

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AGENDA

- I. Call to Order and Approval of Agenda – Chair (committee action) (5 minutes)
- II. Approval of November 15, 2022, Minutes – Chair (committee action) (5 minutes)
- III. Internal Audit Business Review Process Update – Bruce Mills, Weaver (informational) (15 minutes)
- IV. Executive Limitations/Staff Relations – Jan Murtha (informational) (15 minutes)
- V. Legislative Session Update – Jan Murtha (informational) (25 minutes)
- VI. 2022-2023 Second Quarter Audit Activities – Sara Seiler (committee action) (20 minutes)
 - a. GASB 68 Report
 - b. Employee Exit Review
 - c. Payroll Audit Response
 - d. TFFR File Maintenance Response
- VII. Executive Limitations Audit – Sara Seiler (committee action) (20 minutes)
- VIII. Current Internal Audit Activities – Sara Seiler (committee action) (30 minutes)
 - a. Pioneer Project
- IX. Other – Next SIB Audit Committee Meeting
Workforce Safety & Insurance Conference Room
1600 E Century Ave Suite 1, Bismarck, ND 58503
Wednesday, May 11, 2022 @ 2:30 PM
- X. 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 15, 2022, MEETING**

MEMBERS PRESENT: Thomas Beadle, State Treasurer, Chair
Julie Dahle, External Representative
Jon Griffin, External Representative
Cody Mickelson, TFFR Board

MEMBER ABSENT: Yvonne Smith, PERS Board, Vice Chair

STAFF PRESENT: Jecca Geffre, Communications/Outreach Dir.
Rachel Kmetz, Accounting Mgr.
Missy Kopp, Exec. Assistant
Jan Murtha, Exec. Director
Chad Roberts, DED/CRO
Sara Sauter, Suprv. of Internal Audit
Ryan Skor, CFO/COO
Dottie Thorsen, Internal Auditor

GUESTS: Paul Niedermuller, CLA
Tonia Schultz, CLA

CALL TO ORDER:

Treasurer Beadle called the State Investment Board (SIB) Audit Committee meeting to order at 2:34 p.m. on Tuesday, November 15, 2022, at Workforce Safety & Insurance, 1600 E Century Ave., Bismarck, ND.

The following Audit Committee members were present representing a quorum, Treasurer Beadle, Ms. Dahle, Mr. Griffin, and Mr. Mickelson.

AGENDA:

The agenda was considered for the November 15, 2022, meeting.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 15, 2022, MEETING AS DISTRIBUTED.

AYES: MS. DAHLE, MR. GRIFFIN, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MS. SMITH

MOTION CARRIED

Mr. Skor and Ms. Geffre were introduced.

MINUTES:

The minutes were considered for the August 9, 2022, meeting.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE AUGUST 9, 2022, MINUTES AS DISTRIBUTED.

AYES: MR. GRIFFIN, MR. MICKELSON, MS. DAHLE, AND TREASURER BEADLE

NAYS: NONE
ABSENT: MS. SMITH
MOTION CARRIED

FINANCIAL AUDIT REPORT AND GASB 68 SCHEDULE AUDIT:

Mr. Niedermuller and Ms. Schulz, CliftonLarsonAllen (CLA), reviewed the audit results of the Retirement and Investment Office (RIO) financial statements for the period ended June 30, 2022. CLA issued an unmodified “clean” opinion that the financial statements are presented fairly, in all material respects, in conformity with the US Generally Accepted Accounting Principles (GAAP). An update was provided on the 2022 GASB Schedules Audit. Employer census testing is complete and included the individual employee census data at 12 separate employers. Ms. Sauter shared that CLA found some missing documentations in a couple of retirement accounts which did require a finding. Staff have worked to create a process to avoid a similar situation in the future. A complete review of retirement records from 2021-22 was completed. Staff created a checklist for the Retirement Division to check retirement and death records on a quarterly basis. The process was a collaborative effort between IA and Retirement Services.

IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MR. MICKELSON AND CARRIED BY A VOICE VOTE TO ACCEPT THE JUNE 30, 2022, FINANCIAL AUDIT REPORT.

AYES: MS. DAHLE, MR. MICKELSON, MR. GRIFFIN, AND TREASURER BEADLE
NAYS: NONE
ABSENT: MS. SMITH
MOTION CARRIED

EXECUTIVE LIMITATIONS/STAFF RELATIONS:

Ms. Murtha provided an update on staffing at RIO. The reorganization of the TFFR Compliance Specialist and Retirement Accountant was the final phase of the reorganization of the Retirement Services Division. Two new investment staff started this week, and the new Risk Officer will start later this month. The Communications and Outreach Director started on November 7, 2022. A new Accounting Intern has been hired and will start in December 2022. An all-staff training is scheduled for December 6, 2022. Current projects include the Legacy Fund asset allocation study, Pioneer Project, Northern Trust initiative, and the audit consultant RFP.

FIRST QUARTER AUDIT ACTIVITIES:

Ms. Seiler provided an update on IA activities for the quarter ended September 30, 2022. IA facilitated the SIB Customer Satisfaction Survey which is sent to all SIB clients. IA provided support to the external auditors during the GASB 68 Census Data Audit. IA worked with other staff to review and update RIO’s administrative policies.

RIO management requested a payroll audit for January through August 2022. IA reviewed payroll records and documentation. It was found that some overtime which had been approved by the immediate supervisor did not have the required overtime form which requires the signatures of the ED and DED. Ms. Seiler reviewed the process and results of the TFFR File Maintenance Audit.

IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE FIRST QUARTER AUDIT ACTIVITIES REPORT.

AYES: MR. GRIFFIN, MS. DAHLE, MR. MICKELSON, AND TREASURER BEADLE
NAYS: NONE
ABSENT: MS. SMITH
MOTION CARRIED

INTERNAL AUDIT BUSINESS PROCESS REVIEW:

Ms. Seiler provided an update on the IA Business Process Review. A request for proposal (RFP) was issued. The work will include a business process review, identifying future business needs, developing a risk matrix, and reviewing the current audit charter. Weaver and Tidwell, LLP as selected, and a kick-off meeting has been tentatively scheduled. An update on the progress of this review will be provided at the February 2023 Audit Committee meeting.

CURRENT AUDIT ACTIVITIES:

Ms. Seiler provided an update on current IA activities. IA staff have attended a number of meetings including monthly Fiscal/Retirement Services, Pioneer project, and board/committee meetings. Audits that are currently in-progress include Executive Limitations, Model 2 Partial Salary Review, RIO Policy Manual Update, Payroll, and TFFR File Maintenance.

IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE CURRENT AUDIT ACTIVITIES REPORT.

AYES: MS. DAHLE, MR. GRIFFIN, MR. MICKELSON, AND TREASURER BEADLE

NAYS: NONE

ABSENT: MS. SMITH

MOTION CARRIED

OTHER:

With no further business to come before the Audit Committee, Treasurer Beadle adjourned the meeting at 4:08 p.m.

Prepared by:

Missy Kopp
Assistant to the Board



North Dakota Retirement Investment Office

Internal Audit Business Process Review
Engagement Status Update February 13, 2023

Methodology and Approach



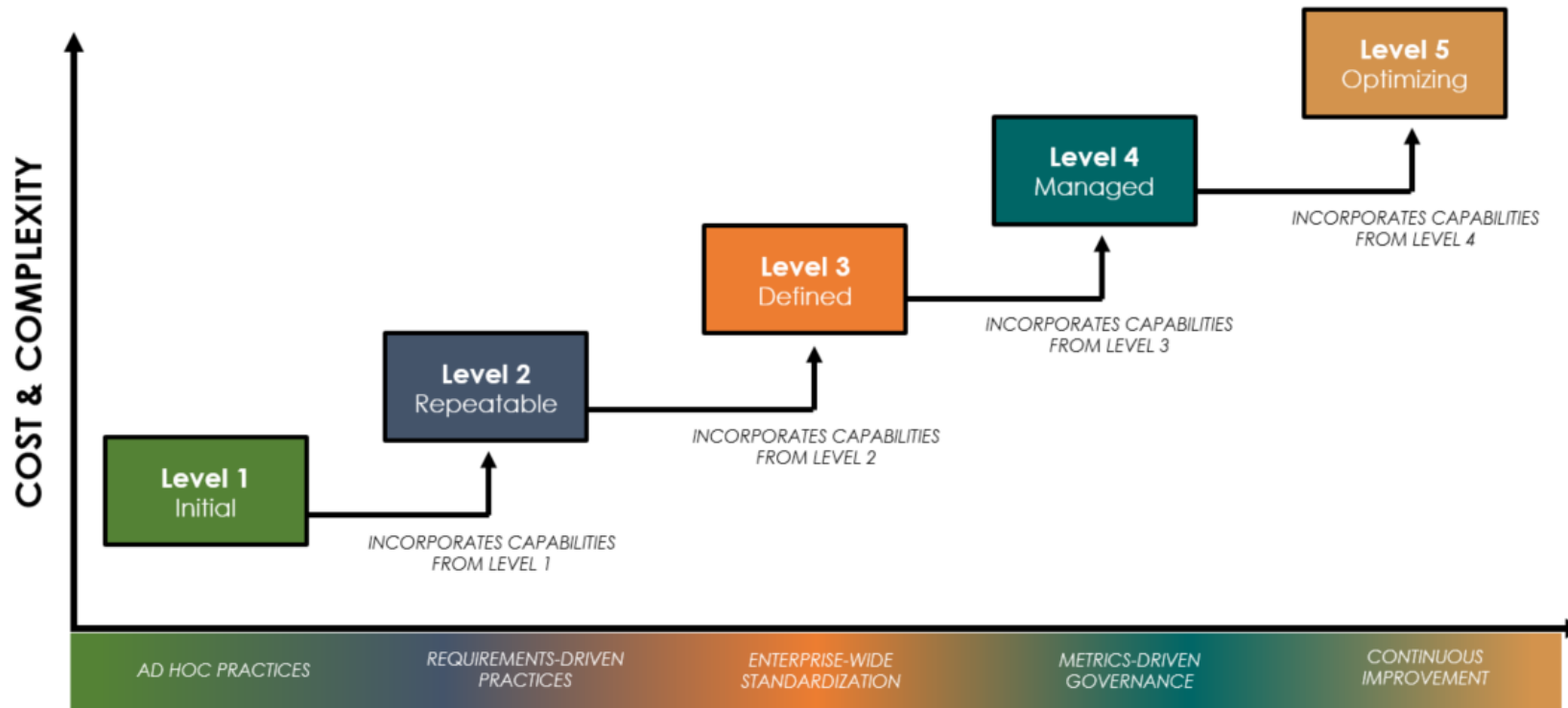
- ▶ Evaluation of the *current state maturity* of the Internal Audit program utilizing the **International Standards for the Professional Practice of Internal Auditing**.

- ▶ Provide a roadmap to the future state enhancing Internal Audit effectiveness and efficiency of resources.

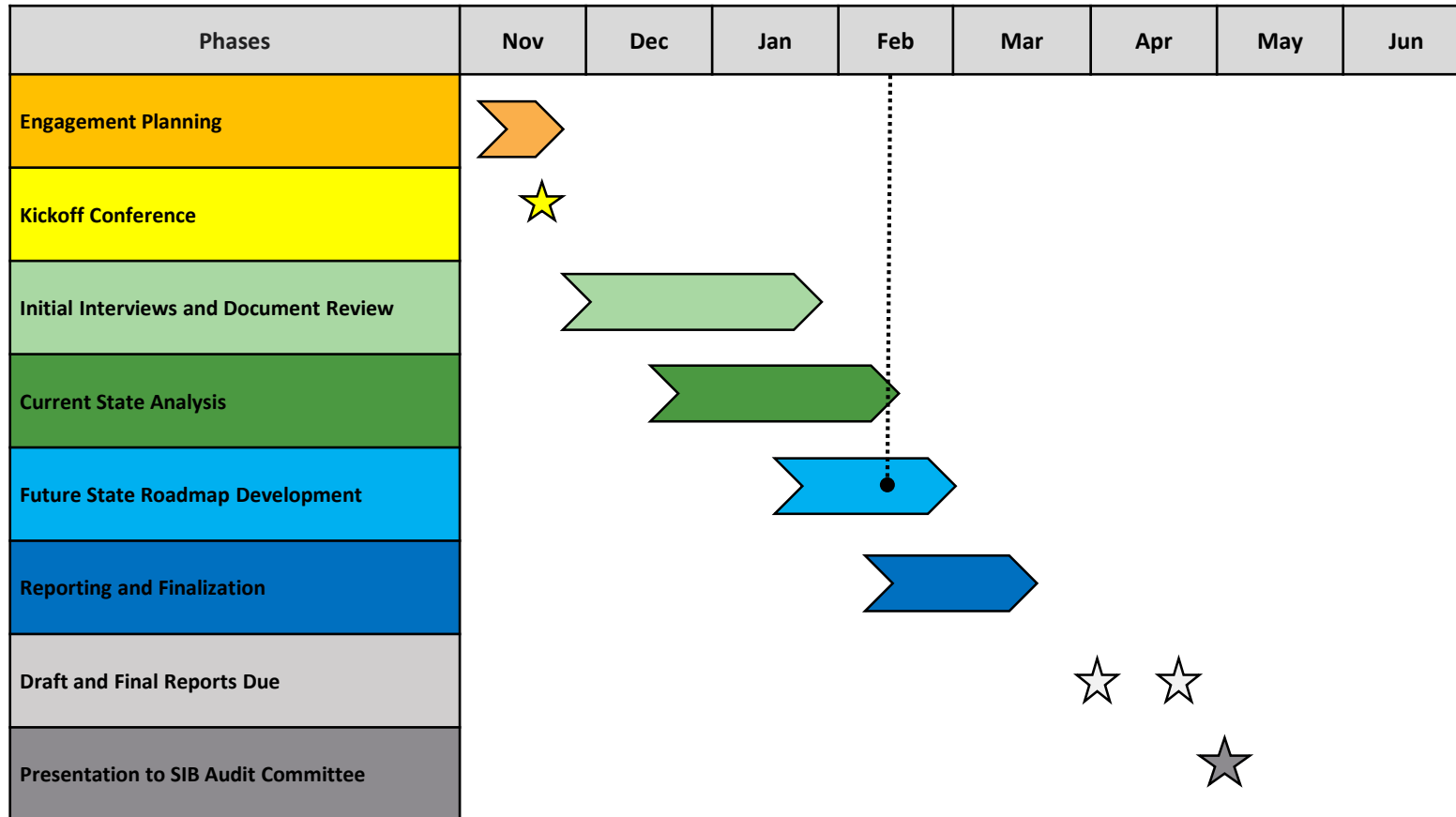
- ▶ As the basis for evaluation, we individually assessed the Internal Audit program in the mandatory elements of the Standards framework:
 - Authority and Responsibility/Internal Audit Charter
 - Independence and Objectivity
 - Quality Assurance
 - Management of Internal Audit
 - Nature of Work Performed
 - Engagement Level Planning
 - Engagement Level Risk Assessment
 - Audit Execution
 - Communication and Reporting
 - Professional Care

Maturity Assessment

- ▶ The maturity model scale shows the advancing levels of maturity for the organization. Each level of maturity includes a cost and complexity component as well as more advanced business practices for the organization. Weaver's methodology assesses the organization at for each of the expected elements of the IIA Standards to inform the future state roadmap for ND RIO Internal Audit



Engagement Status



- Review of the Audit Charter – **Substantially complete and in review**
- Current State Business Needs Analysis – **Substantially complete and in review**
- Creating the Roadmap: Reengineering the Future Business State of Internal Audit – **In Progress**
 - Transformation Key Action Items
 - Benefits and Challenges
 - Future State Staffing Model
 - Audit Planning and Risk Assessment
 - Automation and Technology
- Staff Development and Training for Investment Internalization – **In Progress**

Staffing and Resources



- ▶ As requested, Weaver accelerated our review of the staffing resources needed for Internal Audit. To do this we leveraged our experience with planning model for co-sourcing Internal Audit within other governmental agencies, and our understanding of ND RIO's structure, Internal Audit staffing, and annual audit plans.

One Full Time Equivalent (FTE) Auditor	Hours
Total Annual Hours Available	2,080
Less Hours For:	
Vacation and Sick Leave	(160)
State Holidays (11)	(88)
Continuing Professional Education	(40)
Administrative Duties ^(a)	(192)
Total Annual Hours Per Auditor	1,600

^(a) Administrative Duties include completion of timecards; leave slips; forms; Performance Self-Evaluation forms; organization of office/projects/tasks, etc.; research for training opportunities; administration of recruitment and job interviews; and any time not attributed to a specific project or task assigned by management.

Total Annual Hours Available by Role		
Associate	100%	1,600
Senior Auditor ^(b)	90%	1,440
Head of Audit ^(c)	50%	800
ND RIO Internal Audit Expected Hours		2,240

Head of Audit and Senior level auditors have less available hours due to supervision, meetings with agency leadership, Board reporting and preparation, annual planning, risk assessments, and staffing needs

(b) Dorothy Thorson

(c) Sara Seiler

Resource Considerations



Co-Sourcing Resource Model

Expected Audit Hours Annually	6,000
ND RIO Available Hours	2,240
Hours Shortfall	3,760
FTE Shortfall (Associate level)	2.4

ND RIO Annual Plan

ND Internal Audit Plan	4,160
ND RIO Available Hours	2,240
Audit Hours Shortfall	1,920
FTE Shortfall (Associate level)	1.2

Staffing Analysis Results

1. Using Weaver's standard model for co-sourcing of Internal Audit for government agencies, ND RIO is showing a shortfall in anticipated audit hours. The 6,000 hour benchmark was established based on historical engagements with similar agencies and provides an organization approximately 6-8 internal audits each year.
2. The Internal Audit team as currently structured does not appear to have the capacity to meet the typical Internal Audit Plan, when accounting for the functional responsibilities of the Audit Supervisor as the Head of Audit.
3. Government agencies typically address these shortfalls through a combination of:
 - Additional Headcount
 - External Resources
 - Co-Sourced Internal Audits
 - Loan Staff

Additional Resource Considerations



- ▶ The proposed plan to internalize the investment process will add additional complexity to the Internal Audit risk assessment, audit planning, and the audits being conducted.
- ▶ Weaver anticipates a number of additional activities recommended for Internal Audit as part of their future state development to continue their path towards becoming an efficient, mature function for ND RIO.
- ▶ Internal Audit needs additional resources in order to meet current audit plan requirements and be positioned to conduct future audit work, especially related to investment internalization
 - Additional training in investments products, audit procedures and required controls.
 - External assistance to provide advice and guidance as well as build and begin executing an audit plan focused on investments.
 - Additional junior level auditor(s) to conduct routine audit work that would allow the Audit Supervisor to focus on management responsibilities.
 - An external resource such as a firm with professional practices experience to assist Internal Audit in enhancing its operating practices and processes while allowing it to continue progress against the current audit plan and other responsibilities.

MEMORANDUM

TO: SIB
FROM: Jan Murtha, Executive Director
DATE: February 10, 2023
RE: Executive Limitations/Staff Relations

Ms. Murtha will provide a verbal update at the meeting on agency efforts to address current and future organizational risk through strategic planning. Including updates on the following topics:

1. Retirements/Resignations/FTE's/Temporary Assistance:

Employee Title	Status
Chief Risk Officer	Offer accepted. Start date is 2/21/23.
Investment Accountant	Vacancy due to team member accepting Retirement Acct. position. Posted and closed 1/30/23. Interviews scheduled.
Sr. Investment Officer	Offer accepted. Start date is 3/20/23.
Communication & Outreach Director	Offer accepted. Anticipated start date March 2023.

2. Current Project Activities/Initiatives:

- **Legacy Fund Asset Allocation Study** – RVK continues its work on the Legacy Fund Asset Allocation Study. The changes to the Investment Policy Statement recommended by RVK were approved by both the Advisory Board and the SIB in December 2023. At the last meeting, it was discussed that RVK and the Advisory Board intend to meet in Q2 2023 to review recommendations for updates to the Legacy Fund asset allocation and discuss a pacing schedule.
- **TFFR PAS Project** (hereinafter TFFR “Pioneer Project”)– The TFFR Pioneer Project continues with implementation consistent with the project plan. Currently the project is in an elaboration phase involving review of system components. The amount of time spent on the project by various staff members currently varies from 5 to 25 hours or more per week.
- **Northern Trust Initiative** – In an effort to enhance the infrastructure for the investment program the Investment and Fiscal teams are leading an initiative to coordinate with Northern Trust for additional functionality/capabilities.
- **Audit Consultant RFP:** In September staff issued an RFP for Audit consultant services to assist with the development of additional internal audit business practices to support program evolution consistent with the agencies strategic plan. Procurement concluded, the contract is finalized, and work is currently underway with the expectation that recommendations will be presented to the SIB Audit Committee in May 2023. Weaver Consultants was awarded the contract.

3. Board & Committee Presentations January 1, 2023 through February 17, 2023

Staff provided or is scheduled to provide the following presentations to Boards and Committees during the above referenced time period:

- **Testimony on: HB 1039, HB 1040, HB 1088, HB 1150, HB 1219, HB 1227, HB 1271, HB 1278, HB 1368, HB 1400, HB 1429, HB 1469, SB 2022, SB 2258, and SB 2330.**
- **SIB Investment Committee – 1/13/23 & 2/10/23**
- **SIB GPR Committee – 1/26/23**
- **TFFR Board – 1/26/23**
- **SIB Program Presentation in Dickinson – 1/28/23**
- **TFFR GPR Committee – 2/7/23**
- **SIB Program Presentation to Senate Committee – 2/13/23**
- **WSI Board – 2/15/23**
- **SIB Audit Committee – 2/15/23**
- **SIB meeting 1/27/23 & 2/17/23**

BOARD ACTION REQUESTED: Board Acceptance.

2023-2025 Legislative Session RIO Bill Tracker

Bill #	Topic	Description	Sponsor	Hearing Date	Committee	Status
HB 1039	Closing DB Plan	Closing DB Plan (eff. 12/31/23)	Legislative Management: Weisz, Bosch, Boschee, Lefor, Mitskog, Vigesaa, Burckhard, Klein, Piepkorn, Schaible, Wanzek	1/13 - 9:15am	House GVA	
HB 1040	Closing DB Plan	Closing DB Plan (eff. 12/31/24)	Legislative Management: Weisz, Bosch, Boschee, Lefor, Mitskog, Vigesaa, Burckhard, Klein, Piepkorn, Schaible, Wanzek	1/13 - 8:30a.m.	House GVA	
HB 1088	SIB	SIB Membership changes	Government and Veterans Affairs: Schauer, Satrom, Bahl, Cory, Hoverson, Johnson, Karls, Louser, McLeod, Rohr, Schneider, Steiner, Vetter			Amended by House GVA on 1/19/22. Passed Committee 13-0. Reduced experts to 1 from 2, changed experience language; Legacy Advisory Board would be a voting member; and two legislative members. Passed House 1/25 80 yeas/ 11 nays
HB 1147	Legacy Earnings	Creating a county and township bridge fund from legacy earnings	Reps. Thomas, Anderson, Hagert, Lefor, Mitskog, Monson, Pyle, Stemen Sens. Myrdal, Sorvaag, Vedaa	1/18 - 10:30am	House Approps	
HB 1150	Veteran Exemption for TFFR	Allows veterans with at least 20 years of military service to opt out of the TFFR in their first year of teaching	Thomas, Bekkedahl, Heinert, Meyer, O'Brien, Pyle, Richter, Ruby, Schaible, Schreiber-Beck, Vedaa			Passed House 1/19 54 yeas/ 37 nays
HB 1201	Employee recruiting	Prohibiting a state entity from employing an individual under contract with a school district	Reps. Heinert, Hauck, Koppelman, Meier, Porter, M. Ruby, Toman Sens. Larsen, Meyer, Schaible			Failed House 1/26 1 yeas/ 91 nays
HB 1216	ND Development Fund	Commerce Dept. funds to promote economic development.	Rep, Nathe			Passed House 1/25 91 yeas 0 nays
HB 1219	TFFR	TFFR Changes	Reps. Kempenich, Conmy, Kreidt Sen. Schaible		House GVA	Committee gave Do Pass recommendation 13-0, placed on calendar.
HB 1227	Legacy Fund	Requiring a cost-benefit analysis for a measure or policy affecting the Legacy Fund.	Reps. Kempenich, Bosch, Cory, Mock, Swiontek, Thomas, Vigesaa Sens. Klein, Meyer, Patten			Passed House 1/20 89 yeas/ 0 nays

HB 1251	Salaries for school superintendents	Capping salaries for school superintendents	Rep. Ruby, Sen. Cleary, Rep. Heilman, Rep. Heinert, Sen. Hogue, Sen. Krebsbach, Sen. Kreun, Rep. Lefor, Sen. Meyer, Rep. Schreiber-Beck	1/25 - 10:00am	House Education	
HB 1271	TFFR	Opt-out for retired teachers returning to service from having to contribute to TFFR	Reps. Schatz, Hauck, D. Ruby, Strinden Sen. Myrdal			Failed House 1/26 27 years/65 nays
HB 1278	SIB	Requiring contracts with custodians/managers include required written support of fossil fuel and ag industries in state.	Reps. Satrom, Grueneich, Headland, Lefor, S. Olson, Ostlie, Schauer, Steiner Sens. Conley, Wanzek	2/2 - 10:00am	House GVA	
HB 1283	Financial Industry	Impacting and creating a list of banks that develop stances on ESG	Rep. Novak, Rep. Dyk, Rep. Kempenich, Rep. Lefor, Sen. Myrdal, Sen. Rummel, Rep. Steiner, Rep. Tveit	1/24- 8:00am	House IBL	
HB 1285	Agency	Prohibiting executive branch agency bill submissions without legislator or legislative committee sponsor.	Reps. Toman, Christensen, Heilman, Henderson, Prichard	2/2 - 8:30am	House GVA	
HB 1321	PERS Board	Changing PERS Board makeup	Reps. Kasper, Dockter, Lefor, Louser, D. Ruby, M. Ruby, Steiner, Vigasaa, Weisz Sen. Hogue	1/18 - 2:30pm	House IBL	
HB 1345	Procurement	All contracts between a state entity and a vendor must include a provision of the vendor supporting the state's agriculture and energy industries	Reps. Satrom, Grueneich, Hagert, Headland, Kiefert, Ostlie, Steiner Sen. Conley, Erbele, Lemm, Wanzek	1/20 - 9:00am	House Agriculture	
HB 1347	Banking	State treasurer and financial institutions engaged in boycotts of energy companies	Reps. Satrom, Grueneich, Ostlie, Schauer, Strinden Sens. Clemens, Conley			Failed House 2/1 3 years 90 nays
HB 1368	Investments	Prohibiting investments and contracts with companies that boycott Israel.	Reps. K. Anderson, Bellew, M. Ruby, Strinden, Timmons, Tveit Sens. Clemens, Kannianen, Myrdal	2/7- 8:00am	House GVA	
HB 1372	Teacher Permitting	Foreign practitioners	Rep. Toman, Rep. Cory, Rep. Holle, Rep. Motschenbacher	2/7 - 8:00am	House Education	
HB 1379	Legacy Earnings Streams	Modifies Legacy Fund Earnings streams	Reps. Lefor, Bosch, Dockter, Headland, Nathe, Novak, O'Brien Sens. Bekkedahl, Hogue, Rummel, Sorvaag	2/8 - 9:00am	House Approps	
HB 1399	Investments	Relating to oil/gas tax revenue hedging	Reps. Kempenich, B. Anderson, Christensen, Dockter, Hagert, Mock, Timmons, Sens. Bekkedahl, Dwyer, Kessel, Patten		House Finance & Taxation	Committee gave Do Not Pass 9-4-1 on 2/1
HB 1400	Investing Land Assets	Allows Land to use SIB for Investment purposes	Rep. Kempenich, Rep. Bellew, Rep. Grueneich, Sen. Klein, Sen. Meyer, Rep. Murphy, Rep. J. Olson	1/24 - 8:00a.m.	House IBL	Failed House 13 years 80 nays on 2/1

HB 1420	Economic Development	Small Business Diversity revolving Loan fund	Reps. Schneider, Boschee, Conmy, Dakane, Davis, Finley-DeVill, Hanson, McLeod, O'Brien, Schreiber-Beck, Sens. Davison, Hogan	1/23 - 9:00a.m.	House IBL	Failed House 20 years 73 nays on 2/2
HB 1429	SIB	ESG Boycott/ Contract Restrictions/SIB list	Reps. Novak, Koppelman, Louser, J. Olson, S. Olson, M. Ruby, Thomas, Sen. Elkin, Magrum, Rummel	1/23 - 9:00a.m.	House IBL	
HB 1469	SIB	Restrictions on Investment Operations	Reps. Novak, Dyk, J. Olson, S. Olson, Porter, Schauer, Weisz, Sen. Bekkedahl, Rust	2/6 - 9:00a.m.	House IBL	
HB1486	NDPERS	Specifies a lump sum deposit from the GF, special funds and municipalities for the closing of the DB plan	Kasper	1/26 - 8:30a.m.	House GVA	
SB 2015	Budget bill	OMB Budget Bill	Senate Appropriations	1/20 - 8:30am	Senate Approps - Gov't Ops	
SB 2022	Budget bill	RIO's Budget	Senate Appropriations	1/19 - 10:00am	Senate Approps - Human Resources	Committee Work 1/23
SB 2070	Teacher Permitting	Extends the length of time non-certified teachers can be permitted	Senate State and Local Govt - Roers, Barta, Braunberger, Cleary, Estenson, Lee			Amended. Passed Senate 1/26 47 yeas/ 0 nays
SB 2164	PERS Board	Changing how legislative members of PERS Board are appointed	Sen. Dever Reps. Brandenburg, Hatlestad, D. Johnson, Monson, Schauer			Passed Senate 47 yeas 0 nays on 1/30
SB 2165	Energy Commission	Funds to clean sustainable engery fund/ BND	Sen. Patten, Rep. Bosch, Sen. Kannianen, Sen. Kessel, Rep. Novak, Rep. Porter		Senate Approps	Referred to Senate Approps 2-2
SB 2196	Infrastructure Revolving Loan Fund	Resets terms of the infrastructure revolving loan fund.	Sen. Patten, Sen. Beard, Sen. Bekkedahl, Sen. Kannianen, Rep. Olson, Rep. Richter			Passed Senate 1/23 47 yeas/ 0 nays
SB 2220	Legacy Earnings	Adding a Housing Incentive Fund bucket to Legacy stream	Sens. Kreun, Barta, Hogan, Mathern Reps. Ista, O'Brien	1/23 - 9:30a.m.	Senate Finance & Taxation	Failed Senate 2/1 16 yeas 31 nays
SB 2233	BND	Auditing practices of certain funds under management of BND	Sen. Klein, Sen. Bekkedahl, Sen. Hogue, Rep. Lefor, Rep. Vigesaa			Passed Senate 1/24 46 yeas/ 0 nays
SB 2239	PERS Plan	Changing PERS contribution rates and appropriating \$250M to the fund	Sens. Cleary, Dever Rep. Boschee	1/27 - 9:45a.m.	Senate State & Local	
SB 2258	TFFR	Expands scope of Critical Shortage area qualification for rehired retirees	Sens. Paulson, Beard Reps. Heilman, Hoverson, Louser	1/30 - 2:00pm (committee work)	Senate Education	Passed Senate 2/1 47 yeas 0 nays
SB 2330	Legacy Fund	Legacy earnings definition and change in Legacy Fund IPS percentages.	Sens. Klein, Hogan, Meyer Reps. Bosch, Kreidt	2/7 at 9am	Senate IBL	
SB 2346	Legacy Earnings	Using \$160M of Legacy Earnings school funding formula	Sens. Larsen, Vedaa Reps. Fisher, Toman	1/31 - 10:00a.m.	Senate Finance & Taxation	

RETIREMENT AND INVESTMENT OFFICE
Internal Audit
2022-2023 2nd Quarter Audit Activities Report
October 1, 2022 – December 31, 2022

The audit objective of Internal Audit (IA) 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, 2022 through June 30, 2023 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Internal Audit 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.

Investment and Agency Audit Activities

• **Executive Limitation Audit**

Each year the SIB conducts a customer satisfaction survey. The purpose of this annual survey is to determine how well the SIB, through the staff of the RIO, is meeting the expectations of its clients. This survey is part of the SIB's ongoing effort to be more responsive to the needs of their clients and to continually improve the services that are provided. IA facilitated the survey in August and September 2022 and results were provided to the SIB at their October 28, 2022 meeting.

On an annual basis, IA reviews the Executive Director's level of compliance with the SIB Governance Manual Executive Limitation Policies A-1 through A-11. The Executive Limitations Audit was started in November 2021. The audit will review calendar year 2022. The audit will be completed and reported to SIB Audit Committee at the February 15, 2023 meeting.

• **External Audit Support**

IA provided support to our external audit partners, CliftonLarsonAllen (CLA), in the 2022 Annual Financial Audit. The results of the Independent Auditor's Report were presented to the SIB Audit Committee at the meeting held Nov 15, 2022. An unmodified "clean" opinion that the financial statements are presented fairly, in all material respects, in conformity with US Generally Accepted Accounting Principles (GAAP) was issued.

For the GASB 68 Census Data Audit, the Independent Auditor's Results was also issued on December 8, 2022, for the Schedule of Employer Allocations and Pension Amounts by Employer. The Independent Auditors issued an unmodified "clean" opinion that the schedule of employer allocations and the net pension liability, total deferred outflows, total deferred inflows, and total pension expense are presented fairly, in all material respects, in conformity with the US Generally Accepted Accounting Principles (GAAP).

For both audit reports, no material weaknesses or significant deficiencies were identified.

• **Payroll Audit**

IA was requested by management to do a payroll audit for January through August 2022. The payroll audit compared the payroll records, documentation, and the ND transparency website. The payroll audit

encompassed new hires, temporary increases, promotions, legislative increases, any bonuses, and any other pay changes. The audit was issued on November 14, 2022. The audit response from management was received on December 15, 2022.

- **Administrative Policy Review**

RIO is in the process of updating its administrative manual. Internal audit will work with the Deputy Executive Director/Chief Retirement Office, the Executive Assistant, and the Contracts/Records Administrative Assistant on reviewing existing policies and recommending additional policies. Eight policies were identified and assigned to members of the working team to lead meetings with other members of staff for feedback and input. The working group forwarded the recommended policy changes to the Executive Director in January 2023.

- **Internal Audit Business Process Review**

Weaver & Tidwell were awarded the bid for the Internal Audit Business Process Review in October 2022. A kick-off meeting was held November 29, 2022. IA has worked with Weaver to provide all necessary documentation for the review. Weaver held meetings with various stakeholders in January 2023. Internal Audit staff and Weaver hold weekly progress report meetings. Weaver is on track to have the review completed and report issued by May 2023.

- **Records Retention**

IA has a retention schedule for the audit files and records. Annually, the schedule is reviewed to determine if changes need to be made. The annual purge of information started in the second quarter to meet the schedule set by NDIR Records Management. Almost all the audit files and records are currently electronic. IA maintains a table of contents for the information that describes the audit and what files are found on the audit drive. The table of contents is annually updated at this time.

Retirement Program Audit Activities

- **Model 2 Partial Salary Review**

This salary review only includes Model 2 Partial employers. IA selected one participant from forty-one employers to ensure model compliance. The review will also determine if the retirement salaries and contributions reported to TFFR by the participating employers are following the definition of salary as it appears in the North Dakota Century Code (N.D.C.C. § 15-39.1-04 (10)). Reported service hours and eligibility for TFFR membership are also verified. This review is currently in process.

- **TFFR File Maintenance Audit**

On an annual basis, IA will review system generated (CPAS) audit tables to ensure transactions initiated by staff are expected and appropriate given an individual's role with the organization. Member account information from Member Action Forms, Address Change Forms, Direct Deposit Authorization Forms, and Point of Contact Forms are reviewed to verify that contact and demographic information has been updated correctly. A sample of purchase, refunds, and deaths were reviewed as part of the of audit. The audit was issued on October 27, 2022. The audit response from management was received on February 2, 2023.

- **TFFR Pioneer Project**

IA staff is participating in the elaboration and design meetings for the Pioneer Project. The Internal Auditor is part of the core group attending almost all meeting. The Supervisor of Internal Audit attends the weekly update meeting and elaborations meetings as needed. The Pioneer Project is in Phase 3 Pilot 2.

Administrative Activities

The IA staff attends the biweekly RIO staff meetings, biweekly RIO manager's meetings, divisional meetings, two monthly Fiscal/Organization meetings, one Audit Committee meeting, three SIB

meetings, and one TFFR meetings.

Professional Development/CE/General Education

The IA staff attended an all-staff training session which included: the RIO Strategic Plan, RIO Investment Initiative Plan, HRMS Performance Management System, SMART Goal Settings, and various teambuilding exercises.

**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, 2022**

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
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INDEPENDENT AUDITORS' REPORT

Governor Doug Burgum
The Legislative Assembly
Janilyn Murtha, Executive Director
State Investment Board
Teachers' Fund for Retirement Board
North Dakota Retirement and Investment Office

Report on the Audit of the Schedules

Opinions

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, 2022, 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, 2022 (specified column totals), included in the accompanying schedule of pension amounts by employer of TFFR, and the related notes.

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, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the North Dakota Retirement and Investment Office (RIO) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the RIO, which includes TFFR, as of and for the year ended June 30, 2022, and our report thereon, dated November 2, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Schedules

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

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit 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 RIO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, 2022 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 November 2, 2022, 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 solely 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 effectiveness of RIO's 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 and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 8, 2022

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, 2022

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Alexander School	\$ 1,683,942	0.21399356%
Anamoose School	802,268	0.10195133%
Apple Creek Elem School	413,177	0.05250609%
Ashley School	1,050,363	0.13347904%
Bakker Elem School	51,575	0.00655410%
Barnes County North	1,747,452	0.22206434%
Beach School	2,298,079	0.29203750%
Belcourt School	10,001,482	1.27097779%
Belfield Public School	1,466,695	0.18638605%
Beulah School	3,928,555	0.49923666%
Billings Co. School Dist.	1,002,948	0.12745353%
Bismarck Public Schools	84,464,921	10.73371266%
Blessed John Paul II Catholic Sch Network	-	0.00000000%
Bottineau School	4,154,381	0.52793431%
Bowbells School	693,834	0.08817167%
Bowman School	3,288,361	0.41788141%
Burke Central School	893,574	0.11355444%
Burleigh County Spec. Ed.	122,822	0.01560814%
Carrington School	2,917,266	0.37072310%
Cavalier School	2,505,133	0.31834966%
Center Stanton School	1,712,755	0.21765508%
Central Cass School	4,687,777	0.59571772%
Central Elementary School	-	0.00000000%
Central Regional Education Association	1,238,025	0.15732696%
Central Valley School	1,374,025	0.17460968%
Dakota Prairie School	2,270,176	0.28849160%
Devils Lake School	11,725,608	1.49007788%
Dickinson School	25,279,017	3.21243067%
Divide School	3,045,926	0.38707308%
Drake School	554,947	0.07052203%
Drayton School	1,437,551	0.18268245%
Dunseith School	4,056,962	0.51555447%
E Central Ctr Exc Childn	711,090	0.09036459%
Earl Elem. School	27,800	0.00353280%
Edgeley School	1,440,668	0.18307861%
Edmore School	652,995	0.08298195%
Eight Mile School	1,969,234	0.25024817%
Elgin-New Leipzig School	1,297,076	0.16483102%
Ellendale School	1,765,034	0.22429870%
Emerado Elementary School	752,321	0.09560410%

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, 2022

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Enderlin Area School District	2,224,959	0.28274542%
Fairmount School	801,059	0.10179779%
Fargo Public Schools	84,040,157	10.67973402%
Fessenden-Bowdon School	1,159,245	0.14731560%
Finley-Sharon School	1,183,540	0.15040300%
Flasher School	1,404,159	0.17843900%
Fordville Lankin School	485,820	0.06173752%
Fort Ransom Elem School	198,943	0.02528144%
Fort Totten School	2,023,042	0.25708597%
Fort Yates School	980,956	0.12465883%
Gackle-Streeter Pub Sch	909,020	0.11551734%
Garrison School	2,528,284	0.32129160%
Glen Ullin School	1,110,245	0.14108878%
Glenburn School	1,835,152	0.23320917%
Goodrich School	188,776	0.02398939%
Grafton School	-	0.00000000%
Grafton School District	4,754,793	0.60423401%
Grand Forks School	50,955,420	6.47536073%
Great North West Cooperative	176,372	0.02241314%
Grenora School	1,537,603	0.19539700%
Griggs County Central Sch	1,600,464	0.20338524%
Gst Educational Services	1,919,085	0.24387533%
Halliday School	294,766	0.03745853%
Hankinson School	1,655,584	0.21038992%
Harvey School	2,338,641	0.29719202%
Hatton Eielson Psd	1,314,059	0.16698920%
Hazelton - Moffit School	994,396	0.12636681%
Hazen School	3,241,652	0.41194573%
Hebron School	1,155,067	0.14678465%
Hettinger School	1,550,937	0.19709143%
Hillsboro School	2,959,778	0.37612548%
Hope School	-	0.00000000%
Hope-Page Public School District	1,583,351	0.20121062%
Horse Creek Elem. School	42,600	0.00541356%
James River Multidistrict Spec Ed Unit	1,178,496	0.14976200%
Jamestown School	14,074,558	1.78857987%
Kenmare School	1,881,053	0.23904220%
Kensal School	296,702	0.03770462%
Kidder County School District	2,188,284	0.27808484%
Killdeer School	4,078,425	0.51828193%

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, 2022

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Kindred School	4,373,152	0.55573546%
Kulm School	1,047,713	0.13314227%
Lake Region Spec Ed	1,975,278	0.25101629%
Lakota School	1,242,655	0.15791522%
Lamoure School	1,582,085	0.20104973%
Langdon Area School	2,432,665	0.30914045%
Larimore School	2,113,753	0.26861350%
Leeds School	974,729	0.12386759%
Lewis And Clark School	2,583,404	0.32829622%
Lidgerwood School	1,251,394	0.15902581%
Linton School	1,675,087	0.21286831%
Lisbon School	4,020,068	0.51086600%
Litchville-Marion School	934,524	0.11875827%
Little Heart Elem. School	175,304	0.02227745%
Logan County	-	0.00000000%
Lone Tree Elem. School	287,764	0.03656870%
Lonetree Spec Ed Unit	-	0.00000000%
Maddock School	873,946	0.11106008%
Mandan Public Schools	23,882,708	3.03498927%
Mandaree School	1,562,031	0.19850121%
Manning Elem School	117,831	0.01497390%
Manvel Elem. School	1,084,977	0.13787766%
Maple Valley School	1,683,957	0.21399545%
Mapleton Elem. School	1,212,909	0.15413520%
Marmarth Elem. School	161,673	0.02054519%
Max School	1,266,983	0.16100688%
May-Port C-G School	2,876,271	0.36551347%
Mcclusky School	769,917	0.09784027%
Mckenzie County	49,635	0.00630757%
Mckenzie County School	11,569,778	1.47027513%
Medina School	1,158,561	0.14722870%
Menoken Elem School	238,950	0.03036551%
Midkota	1,531,586	0.19463228%
Midway School	1,417,750	0.18016615%
Milnor School	1,543,445	0.19613932%
Minnewaukan School	2,060,424	0.26183650%
Minot School	50,037,599	6.35872499%
Minto School	1,767,615	0.22462660%
Mohall Lansford Sherwood	2,111,328	0.26830535%
Montpelier School	819,467	0.10413704%

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, 2022

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Morton County	-	0.00000000%
Mott-Regent School	1,365,320	0.17350335%
Mt Pleasant School	1,983,045	0.25200330%
Munich School	1,065,904	0.13545401%
N Central Area Career And Tech Center	-	0.00000000%
Napoleon School	1,607,110	0.20422979%
Naughton Rural School	161,256	0.02049229%
Nd Center For Distance Education	1,993,195	0.25329306%
Nd Dept Of Public Instruction	288,366	0.03664525%
Nd School For Blind	700,538	0.08902358%
Nd School For Deaf	882,789	0.11218385%
Nd United	18,010	0.00228865%
Nd Youth Correctional Cnt	287,844	0.03657896%
Nedrose School	3,736,018	0.47476918%
Nelson County	10,864	0.00138060%
Nesson School	2,486,692	0.31600620%
New England School	1,737,629	0.22081602%
New Rockford Sheyenne School	1,864,113	0.23688952%
New Salem-Almont	2,259,757	0.28716753%
New Town School	7,046,089	0.89540955%
Newburg United District	809,511	0.10287179%
North Border School	2,614,164	0.33220521%
North Sargent School	1,517,878	0.19289037%
North Star	1,776,293	0.22572948%
North Valley Area Career	870,809	0.11066147%
Northern Cass School Dist	3,540,883	0.44997172%
Northern Plains Spec Ed	505,742	0.06426918%
Northwood School	2,122,687	0.26974876%
Oakes School	2,531,154	0.32165638%
Oberon Elem School	517,407	0.06575151%
Oliver - Mercer Spec Ed	1,027,559	0.13058109%
Page School	-	0.00000000%
Park River Area School District	2,220,065	0.28212354%
Parshall School	1,622,508	0.20618660%
Peace Garden Spec Ed	723,902	0.09199274%
Pembina Spec Ed Coop	130,251	0.01655219%
Pingree - Buchanan School	951,587	0.12092665%
Powers Lake School	1,419,483	0.18038644%
Richardton-Taylor	1,799,472	0.22867495%
Richland School	1,858,622	0.23619167%

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, 2022

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Robinson School	-	0.00000000%
Rolette School	1,411,679	0.17939463%
Roosevelt School	379,403	0.04821414%
Roughrider Area Career And Tech Center	271,391	0.03448809%
Roughrider Service Program	206,712	0.02626874%
Rugby School	3,974,774	0.50511012%
Rural Cass Spec Ed	1,624,366	0.20642273%
Sargent Central School	1,733,157	0.22024773%
Sawyer School	866,760	0.11014700%
Scranton School	1,172,469	0.14899606%
Se Region Career And Tech	1,911,342	0.24289136%
Selfridge School	747,991	0.09505392%
Sheyenne Valley Area Voc	1,014,461	0.12891668%
Sheyenne Valley Spec Ed	1,642,417	0.20871664%
Slope County	27,975	0.00355497%
Solen - Cannonball School	1,844,198	0.23435878%
Souris Valley Spec Ed	1,196,250	0.15201821%
South Cent. Prairie Sp Ed	370,641	0.04710063%
South East Education Cooperative	796,023	0.10115782%
South Heart School	2,377,145	0.30208511%
South Prairie School District	2,985,711	0.37942103%
South Valley Spec Ed	533,422	0.06778672%
Southwest Special Education Unit	116,600	0.01481740%
St. John's School	3,663,082	0.46550059%
St. Thomas School	-	0.00000000%
Stanley School	3,614,317	0.45930358%
Starkweather School	687,142	0.08732127%
Sterling School	156,453	0.01988193%
Strasburg School District	932,500	0.11850115%
Surrey School	2,689,900	0.34182968%
Sweet Briar Elem School	131,138	0.01666481%
Tgu School District	2,708,882	0.34424184%
Thompson School	2,850,391	0.36222461%
Tioga School	3,495,778	0.44423973%
Turtle Lake-Mercer School	1,419,773	0.18042321%
Twin Buttes Elem. School	585,068	0.07434976%
Underwood School	1,554,096	0.19749292%
United School	3,689,809	0.46889696%
Upper Valley Spec Ed	2,815,612	0.35780504%
Valley - Edinburg School	1,573,899	0.20000942%

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, 2022

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Valley City School	6,588,925	0.83731358%
Velva School	2,981,294	0.37885969%
Wahpeton School	7,279,958	0.92512932%
Ward County	32,236	0.00409657%
Warwick School	1,898,331	0.24123786%
Washburn School	2,120,953	0.26952842%
West Fargo School	74,749,890	9.49913676%
West River Student Services	613,334	0.07794184%
Westhope School	1,296,951	0.16481512%
White Shield School	1,720,368	0.21862259%
Williams Co School Dist #8	-	0.00000000%
Williston Basin School Dist #7	29,137,357	3.70274441%
Williston School	-	0.00000000%
Wilmac Special Education	5,413,113	0.68789272%
Wilton School	1,710,674	0.21739059%
Wing School	659,687	0.08383227%
Wishek School	1,423,133	0.18085020%
Wolford School	-	0.00000000%
Wyndmere School	1,529,591	0.19437886%
Yellowstone Elem. School	614,419	0.07807972%
Zeeland School	514,817	0.06542234%
Grand Totals:	\$786,912,450	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, 2022

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2022	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan	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	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	\$ 3,115,860	\$ 13,428	\$ 233,382	\$ 63,358	\$ 352,629	\$ 662,797	\$ 83,192	\$ -	\$ 100,618	\$ 183,810	\$ 187,930	\$ 106,576	\$ 294,506
Anamoose School	1,484,465	6,397	111,189	30,185	129,392	277,163	39,634	-	138,422	178,056	89,534	(23,961)	65,573
Apple Creek Elem School	764,516	3,295	57,263	15,546	114,301	190,405	20,412	-	39,806	60,218	46,111	(297)	45,814
Ashley School	1,943,526	8,375	145,573	39,520	38,673	232,141	51,891	-	107,287	159,178	117,222	(33,852)	83,370
Bakker Elem School	95,431	411	7,148	1,941	12,335	21,835	2,548	-	7,058	9,606	5,756	1,814	7,570
Barnes County North	3,233,374	13,934	242,184	65,748	36,516	358,382	86,329	-	156,791	243,120	195,018	(79,727)	115,291
Beach School	4,252,221	18,325	318,497	86,465	148,193	571,480	113,532	-	316,914	430,446	256,469	(79,401)	177,068
Belcourt School	18,506,110	79,751	1,386,134	376,304	1,049,767	2,891,956	494,104	-	771,003	1,265,107	1,116,178	(64,752)	1,051,426
Belfield Public School	2,713,880	11,695	203,274	55,184	54,974	325,127	72,459	-	487,507	559,966	163,685	(62,179)	101,506
Beulah School	7,269,150	31,326	544,470	147,811	143,126	866,733	194,083	-	350,344	544,427	438,432	(86,818)	351,614
Billings Co. School Dist.	1,855,791	7,997	139,001	37,736	108,402	293,136	49,549	-	78,859	128,408	111,930	43,754	155,684
Bismarck Public Schools	156,288,542	673,513	11,706,238	3,177,978	3,435,305	18,993,034	4,172,826	-	1,918,493	6,091,319	9,426,391	(129,311)	9,297,080
Blessed John Paul II Catholic Sch Netw	-	-	-	-	-	-	-	-	-	-	-	(8,367)	(8,367)
Bottineau School	7,687,003	33,127	575,768	156,308	192,443	957,646	205,239	-	363,212	568,451	463,634	(128,418)	335,216
Bow bells School	1,283,826	5,533	96,160	26,105	47,629	175,427	34,278	-	44,086	78,364	77,433	5,060	82,493
Bow man School	6,084,575	26,221	455,743	123,724	202,080	807,768	162,455	-	344,863	507,318	366,985	(37,622)	329,363
Burke Central School	1,653,413	7,125	123,843	33,621	109,126	273,715	44,145	-	374,244	418,389	99,724	(20,309)	79,415
Burling County Spec. Ed.	227,263	979	17,022	4,621	13,866	36,488	6,068	-	9,975	16,043	13,707	2,585	16,292
Carrington School	5,397,925	23,262	404,312	109,762	17,469	554,805	144,122	-	593,168	737,290	325,571	(166,176)	159,395
Cavalier School	4,635,340	19,976	347,194	94,255	106,718	568,143	123,761	-	226,609	350,370	279,576	(55,345)	224,231
Center Stanton School	3,169,173	13,657	237,376	64,442	84,878	400,353	84,615	-	179,046	263,661	191,146	(21,465)	169,681
Central Cass School	8,673,966	37,380	649,693	176,377	523,753	1,387,203	231,591	-	113,672	345,263	523,162	77,665	600,827
Central Elementary School	-	-	-	-	-	1,037	-	-	53,248	53,248	-	(19,073)	(19,073)
Central Regional Education Associatio	2,290,764	9,872	171,582	46,580	1,446,331	1,674,365	61,162	-	2,075	63,237	138,165	292,254	430,419
Central Valley School	2,542,409	10,956	190,430	51,697	8,658	261,741	67,881	-	175,131	243,012	153,343	(45,088)	108,255
Dakota Prairie School	4,200,591	18,102	314,630	85,415	198,456	616,603	112,154	-	271,110	383,264	253,355	8,512	261,867
Devils Lake School	21,696,323	93,499	1,625,086	441,174	310,090	2,469,849	579,281	-	948,814	1,528,095	1,308,593	(277,356)	1,031,237
Dickinson School	46,774,692	201,572	3,503,492	951,119	2,994,907	7,651,090	1,248,861	-	857,667	2,106,528	2,821,170	711,245	3,532,415
Divide School	5,635,989	24,288	422,144	114,602	314,814	875,848	150,478	-	129,525	280,003	339,929	52,583	392,522
Drake School	1,026,838	4,425	76,912	20,880	59,313	161,530	27,416	-	40,919	68,335	61,933	(24,414)	37,519
Drayton School	2,659,953	11,463	199,234	54,088	189,350	454,135	71,019	-	387,003	458,022	160,432	(30,982)	129,450
Dunseith School	7,506,746	32,350	562,266	152,643	503,730	1,250,989	200,426	-	36,535	236,961	452,762	163,054	615,816
E Central Cir Exc Childn	1,315,756	5,670	98,552	26,755	142,647	273,624	35,130	-	339,434	374,564	79,359	(74,896)	4,463
Earl Elem. School	51,439	222	3,853	1,046	772	5,893	1,373	-	8,715	10,088	3,103	(2,724)	379
Edgeley School	2,665,722	11,488	199,666	54,205	126,150	391,509	71,173	-	194,309	265,482	160,780	(28,756)	132,024
Edmore School	1,208,261	5,207	90,501	24,569	29,058	149,335	32,260	-	306,214	338,474	72,875	(53,472)	19,403
Eight Mile School	3,643,746	15,702	272,922	74,092	278,587	641,303	97,286	-	169,072	266,358	219,769	46,770	266,539
Elgin-New Leipzig School	2,400,027	10,343	179,765	48,802	112,990	351,900	64,080	-	157,211	221,291	144,755	4,313	149,068
Elendale School	3,265,908	14,074	244,621	66,409	44,006	369,110	87,198	-	312,857	400,055	196,980	(96,848)	100,132
Emerado Elementary School	1,392,046	5,999	104,266	28,306	79,996	218,567	37,167	-	38,229	75,396	83,960	10,051	94,011

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, 2022

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2022	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	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
Enderlin Area School District	\$ 4,116,923	17,742	308,363	83,714	21,187	431,006	109,920	-	148,219	258,139	248,308	(56,235)	192,073
Fairmount School	1,482,230	6,388	111,021	30,140	8,646	156,195	39,575	-	457,910	497,485	89,399	(105,225)	(15,826)
Fargo Public Schools	155,502,584	670,126	11,647,369	3,161,996	6,574,719	22,054,210	4,151,842	-	3,490,306	7,642,148	9,378,987	53,478	9,432,465
Fessenden-Bow don School	2,144,993	9,244	160,663	43,616	33,682	247,205	57,270	-	176,105	233,375	129,373	(9,617)	119,756
Finley-Sharon School	2,189,947	9,437	164,030	44,530	37,456	255,453	58,471	-	57,439	115,910	132,085	(53,513)	78,572
Flasher School	2,598,166	11,197	194,606	52,831	145,150	403,784	69,370	-	99,458	168,828	156,706	26,486	183,192
Fordville Lankin School	898,931	3,874	67,331	18,279	24,561	114,045	24,001	-	327,300	351,301	54,218	(53,245)	973
Fort Ransom Elem School	368,111	1,586	27,572	7,485	35,136	71,779	9,828	-	11,356	21,184	22,202	(3,277)	18,925
Fort Totten School	3,743,308	16,131	280,379	76,117	504,364	876,991	99,944	-	104,454	204,398	225,774	12,077	237,851
Fort Yates School	1,815,099	7,822	135,954	36,908	52,734	233,418	48,462	-	506,438	554,900	109,476	(105,509)	3,967
Gackle-Streeter Pub Sch	1,681,994	7,248	125,984	34,202	12,700	180,134	44,908	-	27,924	72,832	101,448	(4,669)	96,779
Garrison School	4,678,176	20,160	350,402	95,126	9,742	475,430	124,905	-	223,834	348,739	282,160	(75,820)	206,340
Glen Ulin School	2,054,327	8,853	153,872	41,773	68,978	273,476	54,850	-	330,549	385,399	123,905	(68,922)	54,983
Glenburn School	3,395,649	14,633	254,339	69,047	69,535	407,554	90,662	-	465,472	556,134	204,805	(34,669)	170,136
Goodrich School	349,298	1,505	26,163	7,103	11,222	45,993	9,326	-	221,386	230,712	21,068	(38,677)	(17,609)
Grafton School	-	-	-	-	103,841	103,841	-	-	7,644,031	7,644,031	-	(1,200,284)	(1,200,284)
Grafton School District	8,797,967	37,914	658,980	178,898	7,203,587	8,079,379	234,901	-	234,901	234,901	530,641	1,029,084	1,559,725
Grand Forks School	94,284,682	406,312	7,062,059	1,917,189	-	9,385,560	2,517,354	-	4,973,048	7,490,402	5,686,689	(927,136)	4,759,553
Great North West Cooperative	326,347	1,406	24,444	6,636	143,364	175,850	8,713	-	160,093	168,806	19,683	(5,400)	14,283
Grenora School	2,845,084	12,261	213,101	57,852	389,746	672,960	75,962	-	145,432	221,394	171,598	25,849	197,447
Griggs County Central Sch	2,961,397	12,762	221,813	60,217	2,121	296,913	79,068	-	417,943	497,011	178,614	(134,658)	43,956
Gst Educational Services	3,550,954	15,303	265,972	72,205	149,455	502,935	94,809	-	310,489	405,298	214,172	24,192	238,364
Halliday School	545,416	2,350	40,852	11,091	9,292	63,585	14,562	-	123,121	137,683	32,896	(61,250)	(28,354)
Hankinson School	3,063,389	13,201	229,452	62,291	20,539	325,483	81,791	-	126,194	207,985	184,765	(50,604)	134,161
Harvey School	4,327,273	16,648	324,119	87,991	-	430,758	115,536	-	400,374	515,910	260,995	(94,323)	166,672
Hatton Elson Psd	2,431,451	10,478	182,119	49,441	68,220	310,258	64,919	-	106,192	171,111	146,651	(21,671)	124,980
Hazellon - Moffit School	1,839,968	7,929	137,816	37,414	138,371	321,530	49,126	-	118,820	167,946	110,976	14,260	125,236
Hazen School	5,998,148	25,849	449,270	121,967	294,237	891,323	160,148	-	316,640	476,788	361,772	(76,742)	285,030
Hebron School	2,137,262	9,210	160,084	43,459	19,770	232,523	57,064	-	277,913	334,977	128,907	(61,834)	67,273
Hettinger School	2,869,756	12,367	214,949	58,354	48,568	334,238	76,621	-	122,869	199,490	173,087	(72,865)	100,222
Hillsboro School	5,476,586	23,601	410,204	111,361	162,163	707,329	146,222	-	166,219	312,441	330,315	(9,123)	321,192
Hope School	-	-	-	-	100,477	100,477	-	-	1,219,251	1,219,251	-	(171,456)	(171,456)
Hope-Page Public School District	2,929,733	12,625	219,441	59,573	2,387,865	2,679,504	78,222	-	266,238	344,460	176,704	359,946	536,650
Horse Creek Elem. School	78,824	340	5,904	1,603	13,404	21,251	2,105	-	21,984	24,089	4,754	(452)	4,302
James River Multidistrict Spec Ed Unit	2,180,614	9,397	163,331	44,341	30,494	247,563	58,221	-	601,543	659,764	131,522	(97,078)	34,444
Jamestown n School	26,042,670	112,229	1,950,634	529,553	-	2,592,416	695,326	-	1,796,428	2,491,754	1,570,738	(530,807)	1,039,931
Kenmare School	3,480,581	14,999	260,701	70,774	107,277	453,751	92,930	-	363,496	456,426	209,928	(52,523)	157,405
Kensal School	548,999	2,366	41,121	11,163	40,415	95,065	14,658	-	115,192	129,850	33,112	(53,555)	(20,443)
Kidder County School District	4,049,063	17,449	303,281	82,334	110,279	513,343	108,108	-	472,168	580,276	244,215	(120,050)	124,165
Killedeer School	7,546,459	32,521	565,241	153,450	858,168	1,609,380	201,487	-	75,030	276,517	455,157	198,734	653,891

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, 2022

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2022	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	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
Kindred School	\$ 8,091,803	34,871	606,088	164,539	617,630	1,423,128	216,047	-	-	216,047	488,049	108,658	596,707
Kulm School	1,938,622	8,354	145,206	39,420	19,577	212,557	51,760	-	207,335	259,095	116,926	(65,402)	51,524
Lake Region Spec Ed	3,654,930	15,751	273,760	74,320	170,358	534,189	97,585	-	396,179	493,764	220,444	(39,966)	180,478
Lakota School	2,299,329	9,909	172,223	46,755	86,602	315,489	61,391	-	258,929	320,320	138,682	(33,451)	105,231
Lamoure School	2,927,391	12,615	219,266	59,526	519	291,926	78,160	-	210,001	288,161	176,563	(84,655)	91,908
Langdon Area School	4,501,249	19,398	337,150	91,529	260,479	708,556	120,181	-	635,548	755,729	271,488	(32,675)	238,813
Larimore School	3,911,155	16,855	292,951	79,530	32,089	421,425	104,426	-	524,156	628,582	235,897	(87,156)	148,741
Leeds School	1,803,578	7,772	135,091	36,674	-	179,537	48,155	-	345,314	393,469	108,781	(90,707)	18,074
Lewis And Clark School	4,780,167	20,600	358,041	97,200	46,566	522,407	127,628	-	574,137	701,765	288,311	(152,060)	136,251
Lidgerwood School	2,315,500	9,978	173,434	47,083	67,992	298,487	61,823	-	170,116	231,939	139,589	(29,589)	110,068
Linton School	3,099,475	13,357	232,155	63,025	4,219	312,756	82,754	-	270,528	353,282	186,942	(84,196)	102,746
Lisbon School	7,438,480	32,056	557,153	151,254	285,686	1,026,149	198,604	-	292,802	491,406	448,645	(30,324)	418,321
Litchville-Marion School	1,729,183	7,452	129,518	35,761	49,617	221,748	46,168	-	89,401	135,569	104,294	(21,566)	82,728
Little Heart Elem. School	324,371	1,398	24,296	6,596	43,359	75,649	8,661	-	8,917	17,578	19,564	10,284	29,848
Logan County	-	-	-	-	-	-	-	-	-	5,538	-	(1,219)	(1,219)
Lone Tree Elem. School	532,460	2,295	39,882	10,827	27,621	80,625	14,216	-	24,381	38,597	32,115	859	32,974
Lonetree Spec Ed Unit	-	-	-	-	-	80,825	-	-	396,087	396,087	-	(39,721)	(39,721)
Maddock School	1,617,094	6,969	121,123	32,882	4,026	165,000	43,176	-	299,934	343,110	97,533	(82,586)	14,947
Mandan Public Schools	44,191,051	190,438	3,309,974	898,583	510,336	4,909,331	1,179,879	-	68,835	1,248,714	2,665,340	164,357	2,829,697
Mandaree School	2,890,283	12,455	216,486	58,771	200,329	488,041	77,169	-	620,735	697,904	174,325	(87,749)	86,576
Manning Elem School	218,028	940	16,331	4,433	85,497	107,201	5,821	-	59,991	65,812	13,150	1,351	14,501
Manvel Elem. School	2,007,572	8,651	150,370	40,822	123,525	323,368	53,601	-	45,376	98,977	121,085	31,216	152,301
Maple Valley School	3,115,887	13,428	233,384	63,359	6,237	316,408	83,193	-	302,518	385,711	187,932	(72,997)	114,935
Mapleton Elem. School	2,244,290	9,672	168,101	45,635	366,821	590,229	59,921	-	-	59,921	135,362	81,854	217,216
Marmarth Elem. School	299,149	1,289	22,407	6,083	61,274	91,053	7,987	-	46,632	54,619	18,043	(2,935)	15,108
Max School	2,344,345	10,103	175,595	47,670	76,383	309,751	62,593	-	160,303	222,896	141,397	(36,871)	104,526
May-Port C-G School	5,322,070	22,935	398,631	108,219	142,219	672,004	142,097	-	498,139	640,236	320,995	(110,164)	210,831
Mcclusky School	1,424,606	6,139	106,705	28,968	177,004	318,852	38,036	-	157,494	195,530	85,924	(18,028)	67,896
McKenzie County	91,842	396	6,879	1,868	2,011	11,154	2,452	-	3,285	5,717	5,539	(2,677)	2,862
McKenzie County School	21,407,985	92,256	1,603,489	435,311	3,381,029	5,512,085	571,583	-	575,810	1,147,393	1,291,202	1,027,983	2,319,185
Medina School	2,143,728	9,238	160,568	43,591	62,029	275,426	57,236	-	135,155	192,391	129,297	(4,886)	124,411
Menoken Elem School	442,138	1,905	33,117	8,990	52,839	96,851	11,805	-	33,720	45,525	37,200	17,197	43,864
Midkota	2,833,949	12,213	212,267	57,626	488,360	770,466	75,665	-	28,922	104,587	170,927	58,623	229,550
Midway School	2,623,315	11,305	196,490	53,343	128,627	389,765	70,041	-	248,421	318,462	158,223	(71,751)	86,472
Minor School	2,855,892	12,307	213,910	58,072	98,173	382,462	76,251	-	235,084	311,335	172,250	(68,012)	104,238
Minnewaukan School	3,812,478	16,430	285,560	77,523	365,982	745,495	101,791	-	279,672	381,463	229,946	2,322	232,268
Minot School	92,586,404	398,993	6,934,856	1,882,856	1,355,006	10,571,511	2,472,011	-	2,901,952	5,373,963	5,584,259	(776,389)	4,807,870
Minto School	3,270,682	14,095	244,979	66,506	462,350	787,930	87,326	-	174,754	262,080	197,268	75,468	272,736
Mohall Lansford Sherwood	3,906,668	16,835	292,615	79,438	-	388,888	104,306	-	409,152	513,458	235,627	(177,227)	58,400
Montpelier School	1,516,290	6,534	113,572	30,832	1,970	152,908	40,484	-	118,176	158,660	91,454	(18,001)	73,453

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, 2022

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2022	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	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	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	Total Employer Pension Expense
Morton County	\$ -	-	-	-	-	-	-	-	24,038	24,038	-	(8,407)	(8,407)
Mott-Regent School	2,526,301	10,887	189,224	51,370	113,180	364,661	67,451	-	539,629	607,080	152,371	(118,409)	33,962
Mt Pleasant School	3,669,302	15,813	274,836	74,612	268,071	633,332	97,969	-	236,986	334,955	221,310	1,255	222,565
Munich School	1,972,282	8,499	147,727	40,104	48,174	244,504	52,659	-	180,567	233,226	118,956	(299)	118,657
N Central Area Career And Tech Cent	-	-	-	-	-	-	-	-	79,249	79,249	-	(42,032)	(42,032)
Napoleon School	2,973,694	12,815	222,734	60,467	371,804	667,820	79,396	-	449,827	529,223	179,355	(63,964)	115,391
Naughton Rural School	298,379	1,286	22,349	6,067	73,676	103,378	7,967	-	1,196	9,163	17,996	16,673	34,669
Nd Center For Distance Education	3,688,081	15,893	276,243	74,994	675,290	1,042,420	98,470	-	108,879	207,349	222,443	55,045	277,488
Nd Dept Of Public Instruction	533,574	2,299	39,965	10,850	142,437	195,551	14,246	-	76,579	90,825	32,182	29,397	61,579
Nd School For Blind	1,296,230	5,586	97,090	26,358	13,631	142,665	34,609	-	148,780	183,389	78,181	(31,249)	46,932
Nd School For Deaf	1,633,456	7,039	122,348	33,215	8,552	171,154	43,612	-	266,248	309,860	98,520	(55,166)	43,354
Nd United	33,324	144	2,496	678	2,623	5,941	890	-	348,317	349,207	2,010	(86,416)	(84,406)
Nd Youth Correctional Cnt	532,609	2,295	39,893	10,830	20,942	73,960	14,220	-	1,462,706	1,476,926	32,124	(269,101)	(236,977)
Nedrose School	6,912,891	29,791	517,786	140,567	732,380	1,420,524	184,571	-	31,628	216,199	416,944	422,104	839,048
Nelson County	20,102	87	1,506	409	570	2,572	537	-	4,548	5,085	1,212	(973)	239
Nesson School	4,601,218	19,829	344,638	93,561	629,924	1,087,952	122,850	-	33,273	156,123	277,518	140,475	417,993
New England School	3,215,198	13,856	240,823	65,378	337,722	657,779	85,844	-	154,870	240,714	193,922	32,775	226,697
New Rockford Sheyenne School	3,449,237	14,864	258,353	70,137	46,223	389,577	92,093	-	225,892	317,985	208,037	(76,510)	131,527
New Salem-Almont	4,181,311	18,019	313,186	85,023	150,337	566,565	111,639	-	122,380	234,019	252,192	8,387	260,579
New Town School	13,037,637	56,185	976,538	265,108	1,603,571	2,901,402	348,098	-	70,187	418,285	786,352	392,196	1,178,548
Newburg United District	1,497,868	6,455	112,192	30,458	72,858	221,963	39,992	-	162,259	202,251	90,342	6,770	97,112
North Border School	4,837,084	20,845	362,305	98,357	-	481,507	129,148	-	798,266	927,414	291,744	(149,351)	142,393
North Sargent School	2,808,586	12,103	210,367	57,110	77,672	357,252	74,988	-	451,172	526,160	169,397	(27,845)	141,552
North Star	3,286,741	14,164	246,182	66,833	42,012	369,191	87,754	-	244,895	332,649	198,237	(46,161)	152,076
North Valley Area Career	1,611,290	6,944	120,688	32,764	274,360	434,756	43,021	-	13,077	56,098	97,183	47,977	145,160
Northern Cass School Dist	6,551,827	28,235	490,741	133,225	128,935	781,136	174,931	-	278,995	453,926	395,167	60,078	455,245
Northern Plains Spec Ed	935,793	4,033	70,092	19,028	236,871	330,024	24,985	-	18,776	43,761	56,441	38,105	94,546
Northwood School	3,927,685	16,926	294,189	79,866	236,691	627,672	104,867	-	5,468	110,335	236,894	82,750	319,644
Oakes School	4,683,487	20,183	350,800	95,234	398,162	864,379	125,047	-	205,994	331,041	282,480	10,095	292,575
Oberon Elem School	957,377	4,126	71,709	19,467	397,649	492,951	25,561	-	213,789	239,350	57,743	(8,088)	49,655
Oliver - Mercer Spec Ed	1,901,330	8,194	142,412	38,662	270,934	460,202	50,765	-	318,390	369,155	114,677	(41,625)	73,052
Page School	-	-	-	-	74,299	74,299	-	-	1,179,222	1,179,222	-	(199,580)	(199,580)
Park River Area School District	4,107,868	17,703	307,685	83,530	22,911	431,829	109,678	-	252,762	362,440	247,762	(79,514)	168,248
Parshall School	3,002,186	12,938	224,868	61,047	128,650	427,503	80,157	-	753,580	833,737	181,074	(104,101)	76,973
Peace Garden Spec Ed	1,339,463	5,772	100,328	27,237	142,283	275,620	35,763	-	65,799	101,562	80,788	19,517	100,305
Pembina Spec Ed Coop	241,009	1,039	18,052	4,901	17,077	41,069	6,435	-	23,101	29,536	14,536	258	14,794
Pingree - Buchanan School	1,760,756	7,588	131,883	35,803	102,713	277,987	47,011	-	98,140	145,151	106,198	(7,199)	98,999
Powers Lake School	2,626,522	11,319	196,730	53,408	135,891	397,348	70,127	-	82,788	152,915	158,416	27,772	186,188
Richardson-Taylor	3,329,628	14,349	249,394	67,705	96,533	427,981	88,899	-	531,529	620,428	200,823	(78,987)	121,836
Richland School	3,439,076	14,820	257,592	69,930	223,864	566,206	91,822	-	69,922	161,744	207,425	(32,352)	175,073

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, 2022

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2022	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	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	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	Total Employer Pension Expense
Robinson School	\$ -	-	-	-	-	-	-	-	-	-	-	-	(10,092)	(10,092)
Rolette School	2,612,081	11,257	195,649	53,114	99,380	359,400	69,741	-	118,194	187,935	157,545	(16,576)	140,969	
Roosevelt School	702,023	3,025	52,583	14,275	48,850	118,733	18,744	-	174,643	193,387	42,342	(23,313)	19,029	
Roughrider Area Career And Tech Ce	502,165	2,164	37,613	10,211	145,243	195,231	13,408	-	369	13,777	30,288	16,899	47,187	
Roughrider Service Program	382,487	1,648	28,649	7,778	2,693	40,768	10,212	-	101,794	112,006	23,069	(11,370)	11,699	
Rugby School	7,354,671	31,694	550,875	149,550	208,421	940,540	196,366	-	182,437	378,803	443,590	14,454	458,044	
Rural Cass Spec Ed	3,005,624	12,952	225,126	61,116	414,188	713,382	80,249	-	141,110	221,359	181,281	75,533	256,814	
Sargent Central School	3,206,924	13,820	240,203	65,210	94,807	414,040	85,623	-	229,165	314,788	193,422	1,135	194,557	
Sawyer School	1,603,799	6,911	120,127	32,612	368,028	527,678	42,821	-	162,263	205,084	96,732	(59,070)	37,662	
Scranton School	2,169,462	9,349	162,496	44,114	18,514	234,473	57,924	-	229,958	287,882	130,849	(45,992)	84,857	
Se Region Career And Tech	3,536,627	15,241	264,898	71,914	198,896	550,949	94,426	-	515	94,941	213,308	44,812	258,120	
Selfridge School	1,384,035	5,964	103,666	28,143	13,426	151,199	36,953	-	462,407	499,360	153,477	(66,395)	17,082	
Shenoyne Valley Area Voc	1,877,095	8,089	140,597	38,169	129,166	316,021	50,118	-	55,931	106,049	113,215	30,116	143,331	
Shenoyne Valley Spec Ed	3,039,025	13,096	227,627	61,796	531,103	833,622	81,140	-	629,991	711,131	183,296	(88,924)	94,372	
Slope County	51,762	223	3,877	1,053	278	5,431	1,382	-	2,732	4,114	3,122	(530)	2,592	
Solen - Cannonball School	3,412,388	14,705	255,593	69,388	468,005	807,691	91,109	-	362,511	453,620	205,815	(19,912)	185,903	
Souris Valley Spec Ed	2,213,466	9,539	165,792	45,009	110,879	331,219	59,098	-	402,764	461,862	133,503	(169,303)	(35,800)	
South Cent. Prairie Sp Ed	685,810	2,955	51,368	13,945	329,988	398,256	18,311	-	39,521	57,832	41,364	61,130	102,494	
South East Education Cooperative	1,472,911	6,347	110,323	29,950	581,816	728,436	39,326	-	211,840	251,166	88,837	172,833	261,670	
South Heart School	4,398,519	18,955	329,455	89,440	523,703	961,553	117,438	-	182,533	299,971	265,292	138,147	403,439	
South Prairie School District	5,524,571	23,808	413,798	112,337	320,635	870,578	147,503	-	50,308	197,811	333,209	273,474	606,683	
South Valley Spec Ed	987,011	4,253	73,929	20,070	120,956	219,208	26,353	-	89,314	115,667	59,531	(77,807)	(18,276)	
Southwest Special Education Unit	215,749	930	16,160	4,387	71,028	92,505	5,760	-	11,587	17,347	13,013	8,524	21,537	
St. John's School	6,777,935	29,209	507,677	137,823	737,011	1,411,720	180,968	-	66,003	246,971	408,805	133,812	542,617	
St. Thomas School	-	-	-	-	11,567	11,567	-	-	1,074,500	1,074,500	-	(188,777)	(188,777)	
Stanley School	6,687,703	28,820	500,919	135,988	95,322	761,049	178,558	-	826,720	1,005,278	403,362	(85,570)	317,792	
Starkweather School	1,271,444	5,479	95,233	25,854	124,957	251,523	33,947	-	35,831	69,778	76,686	(8,282)	68,404	
Sterling School	289,491	1,248	21,683	5,887	17,521	46,339	7,729	-	198,070	205,799	17,460	(35,107)	(17,647)	
Strasburg School District	1,725,440	7,436	129,238	35,085	69,605	241,364	46,068	-	207,267	253,335	104,068	(11,069)	92,999	
Surrey School	4,977,221	21,449	372,801	101,207	66,645	562,102	132,889	-	315,686	448,575	300,196	(49,238)	250,958	
Sweet Briar Elem School	242,648	1,046	18,175	4,934	18,701	42,856	6,479	-	7,096	13,575	14,635	7,152	21,787	
Tgu School District	5,012,344	21,600	375,432	101,921	-	498,953	133,827	-	380,354	514,181	302,315	(139,612)	162,703	
Thompson School	5,274,182	22,729	395,044	107,245	267,573	792,591	140,818	-	65,883	206,701	318,107	89,889	407,996	
Tioga School	6,468,366	27,875	484,490	131,528	88,296	732,189	172,702	-	330,640	503,342	390,133	(13,134)	376,999	
Turtle Lake-Mercer School	2,627,058	11,321	196,770	53,419	51,397	312,907	70,141	-	147,939	218,080	158,448	(12,271)	146,177	
Twin Buttes Elem. School	1,082,572	4,665	81,086	22,013	163,053	270,817	28,904	-	31,013	59,917	65,294	2,459	67,753	
Underwood School	2,875,602	12,392	215,387	58,473	-	286,252	76,777	-	234,838	311,615	173,439	(79,581)	93,858	
United School	6,827,388	29,422	511,381	138,828	194,958	874,589	182,288	-	278,672	460,960	411,787	26,655	438,442	
Upper Valley Spec Ed	5,209,831	22,451	390,224	105,937	178,279	696,891	139,100	-	329,740	468,840	314,226	(37,623)	276,603	
Valley - Edinburg School	2,912,243	12,550	218,131	59,218	-	289,899	77,755	-	371,354	449,109	175,649	(68,315)	107,334	

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, 2022

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2022	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	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	12,191,729	52,539	913,178	247,907	-	1,213,624	325,513	-	551,970	877,483	735,332	(143,828)	591,504
Velva School	5,516,398	23,772	413,186	112,171	221,288	770,417	147,285	-	311,754	459,039	332,716	(8,855)	323,861
Wahpeton School	13,470,373	58,049	1,008,950	273,907	278,659	1,619,565	359,652	-	920,234	1,279,886	812,452	(241,674)	570,778
Ward County	59,648	257	4,468	1,213	421	6,359	1,593	-	2,223	3,816	3,598	(653)	2,945
Warwick School	3,512,551	15,137	263,095	71,424	204,064	553,720	93,783	-	212,578	306,361	211,856	(78,408)	133,448
Washburn School	3,924,477	16,912	293,949	79,800	145,569	536,230	104,782	-	19,399	124,181	236,701	44,944	281,645
West Fargo School	138,312,463	596,046	10,359,804	2,812,452	6,571,705	20,340,007	3,692,874	-	-	3,692,874	8,342,182	2,932,730	11,274,912
West River Student Services	1,134,874	4,891	85,004	23,077	118,611	231,583	30,301	-	267,503	297,804	68,449	(60,336)	8,113
Westhope School	2,399,795	10,342	179,748	48,798	168,565	407,453	64,073	-	81,749	145,822	144,741	(14,224)	130,517
White Shield School	3,183,261	13,718	238,431	64,729	281,833	598,711	84,991	-	371,056	456,047	191,995	(9,706)	182,289
Williams Co School Dist #8	-	-	-	-	936,249	936,249	-	-	5,027,455	5,027,455	-	(543,454)	(543,454)
Williston Basin School Dist #7	53,913,920	232,338	4,038,231	1,096,288	44,143,563	49,510,420	1,439,475	-	-	1,439,475	3,251,766	6,306,223	9,557,989
Williston School	-	-	-	-	4,084,520	4,084,520	-	-	39,851,820	39,851,820	-	(4,470,422)	(4,470,422)
Wilmac Special Education	10,016,082	43,163	750,219	203,667	1,323,378	2,320,427	267,424	-	110,096	377,520	604,110	380,502	984,612
Wilton School	3,165,322	13,641	237,087	64,364	206,034	521,126	84,513	-	35,645	120,158	190,913	37,037	227,950
Wing School	1,220,642	5,260	91,428	24,821	78,293	199,802	32,591	-	258,227	290,818	73,622	(41,160)	32,462
Wishek School	2,633,275	11,348	197,236	53,545	225,768	487,897	70,307	-	222,941	293,248	158,823	(21,610)	137,213
Wolford School	-	-	-	-	9,591	9,591	-	-	627,317	627,317	-	(159,898)	(159,898)
Wyndmere School	2,830,259	12,197	211,991	57,551	99,955	381,694	75,567	-	214,510	290,077	170,704	(53,022)	117,682
Yellowstone Elem. School	1,136,882	4,899	85,154	23,117	69,288	182,458	30,354	-	28,277	58,631	68,570	(11,083)	57,487
Zeeland School	952,584	4,105	71,350	19,370	89,627	184,452	25,434	-	36,186	61,620	57,454	(11,501)	45,953
Total for all entities	\$ 1,456,052,968	\$ 6,274,740	\$ 109,060,474	\$ 29,607,444	\$ 118,180,475	\$ 263,123,133	\$ 38,875,891	\$ -	\$ 118,180,475	\$ 157,056,366	\$ 87,820,418	\$ -	\$ 87,820,418

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
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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 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.

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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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 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 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 service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
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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 was measured as of July 1, 2022, 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. The components of the net pension liability were as follows (in thousands):

Total pension liability	\$ 4,479,973
Plan fiduciary net position	<u>(3,023,920)</u>
Net pension liability (NPL)	<u>\$ 1,456,053</u>

Note 4 – Actuarial Assumptions

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%; varying by service, including inflation and productivity
Cost of living adjustments	None
Investment rate of return	7.25% net of investment expenses, including inflation

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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For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for beneficiaries, both projected with generational improvement using Scale MP-2019. For disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2022, funding actuarial valuation for TFFR.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 TFFR target asset allocation as of June 30, 2022, is summarized in the following table:

2022	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.0%	6.6%
Global Fixed Income	26.0%	0.4%
Global Real Assets	18.0%	4.6%
Cash Equivalents	1.0%	-1.1%

As part of the most recent asset/liability study, the total fund real rate of return was upwardly adjusted by 0.50% to reflect a longer investment time horizon than is assumed in the investment consultant's expected returns and to account for above benchmark returns achieved through active management. In order to estimate the nominal rate of return, the real rate of return was adjusted upward by 2.0% for expected inflation.

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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Discount rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at rates equal to those based on the July 1, 2022, 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, TFFR's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of July 1, 2022. Therefore, the long-term expected rate of return on TFFR investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of Net Pension Liability

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25% as of June 30, 2022, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands):

2022	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employers' net pension liability	\$ 2,000,483	\$ 1,456,053	\$ 1,004,517

Note 5 – Deferred Inflows and Deferred Outflows of Resources

Changes in the collective net pension liability from the beginning of the year to the end of the year arise from the net difference between changes in the total pension liability and plan fiduciary net position that occurred during that year. Changes in net pension liability will be recognized immediately as pension expense or reported as deferred outflows of resources related to pensions or deferred inflows of resources related to pensions, depending on the nature of the change.

Differences between actual and expected investment-related experience are recognized over a closed five-year period. Differences between actual and expected non-investment-related experience (demographics) and changes of assumptions are recognized over the average of the expected remaining service lives of all members who are provided with pensions through the pension plan (active employees and inactive employees). The amounts below that are not included in pension expense for the current year are included in deferred outflows of resources or deferred inflows of resources related to pensions.

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, 2022

	Year Established	Original Balance	Original Amortization Period (in years)	Amortization Amount During 2022	Outstanding Balance June 30, 2022
Outflows					
Investments	2019	\$ 59,163,355	5	\$ 11,832,671	\$ 11,832,671
Investments	2020	114,538,151	5	22,907,630	45,815,260
Assumptions	2020	51,813,028	7	7,401,861	29,607,444
Demographics	2021	8,366,320	8	1,045,790	6,274,740
Investments	2022	434,694,288	5	86,938,858	347,755,430
Total Outflows				\$ 130,126,810	\$ 441,285,545
Inflows					
Demographics	2016	\$ 8,092,800	7	\$ 1,156,116	\$ -
Demographics	2017	10,748,944	7	1,535,563	1,535,566
Investments	2018	30,002,998	5	6,000,598	-
Demographics	2018	27,939,071	7	3,991,296	7,982,591
Demographics	2019	23,494,914	7	3,356,416	10,069,250
Demographics	2020	20,732,097	7	2,961,728	11,846,912
Investments	2021	493,904,813	5	98,780,963	296,342,887
Demographics	2022	8,504,654	8	1,063,082	7,441,572
Total Inflows				\$ 118,845,762	\$ 335,218,778

	June 30, 2022
Deferred Outflows of Resources	
Difference between expected and actual experience in the Total Pension Liability	\$ 6,274,740
Changes in assumptions	29,607,444
Net difference between projected and actual earnings on pension plan investments	109,060,474
Total Deferred Outflows of Resources	\$ 144,942,658
Deferred Inflows of Resources	
Difference between expected and actual experience in the Total Pension Liability	\$ 38,875,891
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	-
Total Deferred Inflows of Resources	\$ 38,875,891

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Year ended June 30:	
2023	\$ 18,437,759
2024	8,140,655
2025	(10,775,680)
2026	91,361,697
2027	(17,292)
Thereafter	(1,080,372)
Net deferred outflows/(inflows) of resources	\$ 106,066,767

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, 2022

Deferred outflows of resources and deferred inflows of resources resulting from changes in an individual employer's proportionate share are amortized over a closed period equal to the average of the expected remaining service lives of all members who are provided with pensions through the pension plan (active employees and inactive employees) for the period during which the change occurred. Because these deferred amounts and their amortization are specific to individual employers and offset on a collective basis, they are not included in the tables above.

Note 6 – Collective Pension Expense

The components of allocable pension expense for the year ended June 30, 2022 (excluding employer specific pension expense for changes in proportion) are as follows:

Service cost	\$ 92,335,934
Interest on the total pension liability	311,929,245
Projected earnings on plan investments	(235,813,705)
Member contributions	(92,462,223)
Contributions - purchased service credit	(2,017,055)
Contributions - other	(25,166)
Administrative expenses	2,592,340
Current year recognition of:	
Changes in assumptions	7,401,861
Difference between expected and actual experience	(13,018,411)
Difference between projected and actual earnings on pension plan investments	16,897,598
Change of benefit terms	-
Total pension expense	\$ 87,820,418

Note 7 - 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The supporting actuarial information is included in the June 30, 2022, GASB Statements No. 67 and 68 Accounting and Financial Reporting for Pensions actuarial valuation for the retirement plan. The additional financial and actuarial information is available at <https://www.rio.nd.gov/teachers-fund-retirement-employers> or by contacting RIO at: ND Retirement and Investment Office, 1600 East Century Avenue, Suite 3, P.O. Box 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 Doug Burgum
The Legislative Assembly
Janilyn Murtha, Executive Director
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, 2022 (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 December 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audits, we considered TFFR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 TFFR's internal control over. Accordingly, we do not express an opinion on the effectiveness of TFFR's internal control.

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TFFR'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 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 audit, 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 results of that testing, and not to provide an opinion on the effectiveness of TFFR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TFFR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
December 8, 2022

RETIREMENT AND INVESTMENT OFFICE
INTERNAL AUDIT
EMPLOYEE EXIT REVIEW
February 7, 2023

Background

The Internal Audit Division will do a post review of an employee's accounts if there is an abrupt resignation of an employee or if there is a separation of employment.

Scope

A RIO staff member had separation of employment in January 2023, Internal Audit did a review of emails and various accounts. Internal Audit reviewed for open record requests, media inquiries, and any other open tasks that would need to be completed.

Observations

Internal Audit reviewed the email, chats, and drive to ensure all open record requests and media inquiries had been documented and completed. Internal Audit ensured that requests were logged on the RIO open record tracker. All request appeared to be documented and request completed.

In reviewing emails and chats a member outside of the agency was added to an internal RIO Team's Channel. While RIO encourages staff to work with other agencies this could have potentially turned into a security issue as RIO deals with confidential information. In discussions with the Executive Director, they were not aware and did not approve someone outside of the agency to be on the RIO Teams Channel.

Internal Audit discussed with the Executive Director and the Deputy Executive Director any items that were needed for follow-up that were noted during the review.

Recommendations

1. RIO creates a general email address for media and open request inquiries. The email address is monitored by multiple employees to ensure there is no disruptions in responses when staff is out or if there is staff turnover.
2. Create an internal policy that staff members cannot add anyone outside the agency to any internal RIO Teams Channels without prior approval from the Executive Director or Deputy Executive Director.
3. On an annual basis, the State Investment Board and Teachers' Fund for Retirement Board receives training on board governance, focusing on governance structure (e.g., authority retained versus delegated, communications with staff, etc.)

MEMORANDUM

TO: Sara Seiler, Supervisor of Internal Audit
FROM: Jan Murtha, Executive Director
DATE: December 15, 2022
RE: Payroll Audit Response

Please accept this memorandum in response to the payroll audit response.

I. Internal Audit Recommendation:

IA has the following recommendations: 1. Annual training for managers and staff on the Overtime Policy and procedures.

II. Management Response:

Management agrees with Internal Audit's recommendation and will implement annual training for managers and staff on ND RIO's overtime policy and procedures. It is management's understanding that the term training includes an annual review of the applicable Overtime Policy and process at a bi-monthly manager meeting.

To: Sara Sauter, Internal Audit Supervisor
From: Chad Roberts, DED/CRO
Date: January 30, 2023
Re: Response to file maintenance audit, phase II relating to LSPO and refunds

After reviewing the file maintenance audit report dated October 27, 2022, I agree that there are two recommendations identified in Phase II which are yet to be addressed. The third deficiency, identified in Phase II under *Procedures for processing Member Actions Forms* regarding the incorrect input of dates of birth and addresses has been corrected on the three accounts in question. The first recommendation is for a review of the lump sum payment options (refunds) and service purchases for the period of July 1, 2020, to June 30, 2021, and July 1, 2021, to June 30, 2022, to be reviewed for completeness of documentation and FileNet contents. TFFR performed this procedure for the retirements and deaths during the same period and those results have been provided to IA in October 2022.

To achieve this review, we will use the following process: First, the RIO Intern will review all LSPO (refunds) and service purchases made during this time period. During this review the intern will validate that all documents are in FileNet and will note any documents that are not in the system. Upon completion of that task, the Compliance Specialist will work with Retirement Services to collect any missing documentation and ensure it is uploaded to the system. Any documents that are unable to be collected will be documented and an explanation for the lack of the document will be provided. Upon finalization of this phase, the Compliance Specialist will do a sampling of the LSPO (refunds) and service purchase credits from each fiscal year and validate the documentation for those files sampled is in FileNet. TFFR will then provide a follow-up memo and documentation to IA to close the loop on the process. I anticipate this task can be completed by March 17, 2023.

Going forward, a new compliance workplan is being developed and will include sampling of LSPO (refunds) and service credit purchases. On a yet to be determined basis, the TFFR Compliance Specialist will conduct a sampling of all LSPO (refunds) and service credit purchases for the identified period. If recurring errors are identified during the sampling, a full review for the same identified period will then be undertaken. Annually, at year end, the TFFR Compliance Specialist will conduct testing on a statistically determined sample of all LSPO (refunds) and service credit purchases for the fiscal year. The statistical sampling review will occur in the 1st quarter of the subsequent fiscal year.

Further, several controls are being designed into the new pension administration system to prevent the errors of missing documentation from occurring in the areas of LSPO (refunds) and service credit purchases. It is our belief that the automatic controls should greatly, if not altogether, reduce the error rate in these types of files.

It is my belief that this new compliance procedure and the internal controls of the new pension administration system will lead to more accuracy and reduce error rates in these two very important areas of our operations.

The second recommendation is for cross training and refresher training for all TFFR staff regarding the posting of death demographics in CPAS. This cross and refresher training recommendation is based on the turnover in TFFR staff and the recent onboardings. The refresher and cross-training for this area of concern will be conducted at the TFFR staff meeting occurring on February 13, 2023. At that time, the TFFR staff will review the policies and processes to ensure there is a clear understanding among staff.

I invite any suggestions or modifications that Internal Audit may have to this operational change.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
INTERNAL AUDIT DIVISION
FISCAL YEAR 2022 -2023**

FY 2022 1st QTR	FY 2022 2nd QTR	FY 2023 3rd QTR	FY 2023 4th QTR	FY 2023 TOTAL
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Internal Audit Activities

Investment Program Activities/Audits:

Executive Limitations Audit	14	15			
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Retirement Program Activities/Audits:

TFFR Pension Data System - Pioneer Project	140	242			
TFFR Model 2 Partial Review	108	17			
TFFR File Maintenance Audit	125	6			
TFFR Actuarial Audit	16	4			
TFFR Misc.	41	21			

Agency Activities/Audits

Administrative Policy Review	10	68			
Internal Audit Business Process Review	58	45			
Payroll Audit	19	27			
Records Management		14			
RIO External Auditor Assistance	39	30			
Professional Development/CE/General Education	2	24			

Administrative Activities

Administrative - Staff Mtgs, Time Reports, Email, General Reporting	147	133			
Audit Committee Attendance and Preparation	102	82			
SIB/TFFR Attendance and Preparation	61	50			
Annual Leave, Sick Leave, and Holidays	162	263			
Quarterly Total:	1041	1040	0	0	0

Total Hours for 2022-2023 4,160

D. Thorsen Total Hours 2022-2023 2,080

S. Seiler Total Hours 2022-2023 2,080

MEMORANDUM

TO: State Investment Board (SIB)
State Investment Board (SIB) Audit Committee
Janilyn Murtha, Executive Director

FROM: Sara Seiler, Supervisor of Internal Audit

DATE: February 15, 2023

SUBJECT: Executive Limitations Final Audit Report

Internal Audit has completed the annual review of the Executive Director’s level of compliance with the State Investment Board (SIB) Governance Manual Executive Limitation policies for the calendar year beginning January 1, 2022 and ending December 31, 2022.

The governance policies reviewed during 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)

Internal Audit is sufficiently satisfied that the Executive Director was in compliance with SIB Governance Manual Executive Limitation Policies A-1 through A-11 during calendar year 2022.

Executive Limitations – General Executive Constraint (A-1)

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-1:

- Executive Team Members – Communication Questionnaires
- State Investment Board (SIB) Meeting Agendas, Materials, and Minutes

The executive team indicated that frequent communication occurs regarding board and executive issues and processes. Executive team members believe they are well informed and not lacking pertinent or

relevant information. The executive team continues to demonstrate great cohesiveness. There is still a consensus regarding the most important issues facing the RIO. The executive team indicated in the event of a sudden loss of an executive position that they are aware of the duties each would assume.

Executive Limitations – Staff Relations (A-2)

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-2:

- RIO Administrative Manual and Employee Acknowledgements
- RIO Termination Checklist, Exit Interview, and Employee Termination Documents
- ND State Engagement Surveys

RIO maintains an Administrative Manual which includes personnel rules for staff, provides for the effective handling of grievances, and protects against wrongful conditions or violations of state and federal law. Staff members signed acknowledgements indicating that they reviewed and understood all policies contained within the Administrative Manual. The ND State Engagement Surveys confirm that the office culture continues to improve.

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

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-3:

- 2022 SIB Client Satisfaction Survey and Responses
- RIO Administrative Manual (Media Policy), Media Inquiry
- Open Record Requests

SIB clients were asked to rate the services provided by RIO staff on behalf of the SIB. A score of 3.47 was received on a 4.0 weighted average scale. Comments received were generally positive and indicated clients have that staff is knowledgeable, professional, and helpful. The Executive Director routinely responds to media requests and open records requests. The requests reviewed revealed that information provided by staff was accurate and when applicable distinguished between fact and personal opinion. Open records requests are tracked and appear to be responded to in a reasonable time.

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

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-4 and A-5:

- RIO 2023-2025 Biennium Budget and Other Supporting Documentation
- Budget and Financial Condition Quarterly Monitoring Reports – SIB Meeting Materials
- Investment Performance
- Contingency Line Request & Approval

A review of the quarterly monitoring reports for fiscal year 2022 revealed that RIO operated well within budget and had not made any expenditure which exceeded the appropriation authorized by the legislature. During calendar year 2022, RIO did not reduce the level of service of any programs nor request the assistance of the Emergency Commission. Investment fees increased for fiscal year 2021 due to the strong investment performance with the infrastructure managers and private equity managers. Investment fees decreased for fiscal year 2022. Investment fees decreased to 0.54% in fiscal year 2022 from fees of 0.67% in fiscal year 2021. In fiscal year 2022, the SIB approximately paid \$103.2 million in fees. In most funds, the total fund net-of-fee results exceeded benchmark.

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

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-6:

- SIB Governance Manual Policy C-4 (Monitoring Executive Performance Policy)
- SIB Meeting Agendas, Materials, and Minutes – Calendar Year 2022
- RIO Financial Audit - Fiscal Year Ended June 30, 2022

The SIB receives quarterly internal reports on staff relations, financial conditions, investment services, and investment performance. CliftonLarsonAllen, external auditor, completed the annual financial audit for year ended June 30, 2022, issued an unmodified clean opinion. Callan LLC provides quarterly external reports on the investment performance of the consolidated pension trust, consolidated insurance trust, and the Legacy Fund throughout the fiscal year. In calendar year 2022, board education included International Investments (Emerging Markets), Open Records & Meetings, Board Governance & Client Relations, Board Governance Architype & Strategy, Fund Return & Risk, Inflation, Interest Rates, Bond Returns, Risk Management, Portfolio Construction, Portfolio Construction Part 2, Governance for Growth, Currency, and Exposure Overlays. Board education provides the board with the necessary information required to facilitate informed decision making.

Executive Limitations – Asset Protection (A-7)

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-7:

- State Fire and Tornado Fund Insurance Policy – FY 2022 and FY 2023
- OMB/Risk Management – Risk Management Fund Discount
- State Bonding Fund – Commercial Blanket Bond – CY 2022
- RIO Financial Audit - Fiscal Year Ended June 30, 2022
- SIB Meeting Agendas, Materials, and Minutes – Nov 18, 2022

RIO has obtained adequate insurance for board members, staff, and the organization to protect against theft and casualty losses as well as to protect against liability losses. All RIO personnel who have access to funds are properly bonded. External auditors, CLA, confirmed that funds are received, processed, and distributed under controls which are sufficient to meet State Auditor standards. The most recent asset allocation information available from Callan LLC is as of September 30, 2022. Each of the Trust’s asset allocation were within policy ranges as of September 30, 2022. Risk-adjusted excess returns measure how much risk was required to produce an investment return. In most cases, total fund net-of-fee results exceed the benchmark.

Executive Limitations – Compensation and Benefits (A-8)

The following documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-8:

- OMB ND Salary Ranges – July 1, 2022 – June 2022
- RIO Salaries & Pay Grades
- Payroll Audit
- ND Administrative Code, Chapter 04-07-02
- SIB Meeting Agenda, Materials, and Minutes

Executive Limitations – Compensation and Benefits (A-8) continuation

A review of available documents confirmed that compensation and benefits for staff are compliant with the ND Administrative Code, Chapter 04-07-02.

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 documents were reviewed and found to support the Executive Director’s compliance with Executive Limitation A-1, A-9, A-10, and A-11:

- SIB Governance Manual Policy A-9 and Conflict of Interest Statement
- SIB Meeting Agenda, Materials, and Minutes – Feb 25, 2022 and July 22, 2022
- SIB Audit Committee Agenda, Materials, and Minutes – Feb 16, 2022

The Executive Director affirmed understanding of the Executive Limitation Conflict of Interest Policy (A-9) located within the SIB Governance Manual. Executive team members independently confirmed that they are not aware of any actual or perceived conflicts of interest concerning the Executive Director.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Sara Sauter, Supervisor of Internal Audit

DATE: February 15, 2023

SUBJECT: Update on Current Internal Audit Activities

Internal Audit (IA) typically has multiple audits going on at the same time in different stages. The following is the status of current audits in progress:

Phase 1 – Planning and Notification
 Phase 2 – Fieldwork
 Phase 3 – Communication with Staff
 Phase 4 – Writing Report
 Phase 5 – Final Report and Management Response

Internal Audit Activities In-Progress

- Executive Limitations – Phase 5
- Model 2 Partial Salary Review – Phase 2
- RIO Policy Manual update – Phase 3
- Onboarding and Offboarding Review – Phase 1
- Pioneer – Pension Administration Software – Stage 3 Pilot 2

IA staff attended the following meetings: biweekly manager meetings and biweekly staff meetings. IA staff also attends SIB and TFFR Board meetings.

The Internal Auditor attended the Fiscal/Retirement Services Organization meetings. The meetings are held monthly with the Deputy Executive Director/Chief Retirement Officer. The Chief Financial Officer/Chief Operating Officer, the Retirement Program Manager, and the Internal Auditor attend. Major discussion topics were evaluating processes and procedures for the external audit, the actuarial evaluation, and the discussion of moving processes from NDI to Fiscal Operations.

For training, IA staff also attended quarterly NDI training on security. The Supervisor of IA attended training conducted by the Association of Public Pension Funds for Auditors (APPFA) on Branding & Marketing for Audit and Emerging Issues in Auditing Investments training conducted on Teams.

The Supervisor of IA and the Executive Team developed an RFP that was issued the end of September 2022. Due to the agency reorganization and expansion of the Investment staff, IA and management was requesting consultants to evaluate the future needs for IA. The Supervisor of IA reviewed the RFP responses with the Executive Team and awarded Weaver & Tidwell, LLP the contract. Kickoff was scheduled for November 2022 and IA staff along with other RIO staff will be working with Weaver & Tidwell, LLP over the next few months on gathering information and meeting with the consultant for them to analyze the needs of the Internal Audit division.

The Supervisor of IA is a committee member of the Onboarding and Offboarding Group. The group has been reviewing and enhancing RIO's current onboarding and offboarding procedures. Members of the working group are the Deputy Executive Director/Chief Retirement Officer, Chief Financial Officer/Chief Operating Officer, Executive Assistant, and Contracts/Records Administrative Assistant.

For the Model 2 Partial Salary Review, the Internal Auditor started to review the information received from the forty-one employers.

Internal Audit will be starting the audit planning process for July 1, 2023 - June 30, 2024. Internal Audit will work with RIO managers on identifying risks and incorporating them into next years audit plan. The results of the Weaver IA Business Process Review will also be taken into consideration.

Annual performance evaluations are completed in the May-June timeframe. IA staff will be working on their performance reviews. The three stages in the review process are as follows: self-evaluation, division manager evaluation, and overall review/evaluation completed by the Executive Director or the Audit Committee. IA staff will be working on their performance reviews.

IA assisted in administering a board self-assessment evaluation. The summary will be presented at the February SIB meeting.

The Executive Review and Compensation Committee (ERCC) also annually evaluates the Executive Director of the North Dakota Retirement and Investment Office. In past years, the ERCC requests the assistance of the Supervisor of Internal Audit to help facilitate the surveys and committee meeting materials. It is anticipated that the ERCC will request the assistance again this year.

FROM: Dottie Thorsen, Internal Auditor

TO: SIB Audit Committee

DATE: February 8, 2023

**SUBJECT: TFFR Pioneer Project Update
October through December 2022**

The TFFR Pioneer Project continues with implementation consistent to the project plan during the second quarter of fiscal year 2022/2023. IA is a member of the core team that attends most meetings which consist of the following RIO staff members: the Deputy Executive Director/Chief Retirement Officer, the Retirement Program Manager, Chief Financial Officer/Chief Operating Officer, Accounting Manager, assigned NDIT staff member, and Internal Audit (IA). A Segal Consulting representative also attends. Other staff members attend when the subject matter pertains to their duties.

In these meetings for each process, procedures, BPM's (Business Process Management-workflow), and mathematical calculations/logic/business rules are discussed and documented by the vendor for the conversion to the new system. IA and Management wants to ensure internal controls are built in the new software system to help with the efficiency of completing processes with as few errors as possible. The following IA programs were updated due discussions in these meetings. Internal controls to be instituted in the new system are also listed.

Purchases Audit:

- 1) IA has an updated procedures for the Audit Program.
- 2) Examples of internal control validations in the new system:
 - For Eligibility, the system validates that the member is vested, contracted with an employer, licensed with ESPB.
 - The system requires requested documents as part of the application (drop-down checklist).
 - The required documents must be scanned to the system before completion of the transaction.
 - For actuarial purchases, estimates from the actuary are only valid for a ninety-day period. Purchase transactions cannot be completed if the estimate exceeds the ninety days.
 - The purchase cannot be completed and applied to member account until required payment is received and posted.
 - Airtime purchased does not exceed five years
 - A Supervisor reviews a completed transaction.

Refunds/Withdrawals Audit:

- 1) IA has up-dated procedures for the Audit Program.
- 2) Examples of internal control validations:
 - A checklist for required documents is part of the application process.
 - Validation that the mandated 120-day waiting period from the last date taught/contributions reported is met (per NDCC).
 - Validation at the end of the 120-day period that the member has not returned to covered employment before issuing refund.
 - A waiver to the 120-day waiting period can only be issued by the TFFR Board (NDCC). The Board gave authority for these waivers to the DED/CRO per Administrative rules. Validation only allows issuance of the waiver of the waiting period if the DED/CRO approves the process.
 - A Checklist of required documents to support approval of the waiver is provided. The transaction cannot be completed without all documents scanned to the system.
 - Validation that amount of refund paid to the member equals the account balance (member contributions and interest earned)

Participant Data Review/Salary Verification of Member salaries reported by the Employer:

- 1) Employers make the following errors on a re-occurring basis.
 - Report ineligible individuals
 - Report ineligible salary
 - Do not report eligible salary
 - Report salary in the wrong fiscal year
 - Report Service hours incorrectly for part-time staff
 - Model Compliance for employer reporting
 - Report service hours incorrectly for retired teachers (not yet discussed)
- 2) Examples of Internal Control Validations for Model Compliance
 - Then new system will require the employer to update their model at the beginning of every fiscal year. The employer will not be able to upload monthly report without completing this step.
 - The new system will validate report uploads for file compliance.
 - The new system will validate fields currently validated for Model 1 and Model 2 All.
 - The new system will validate Model 2 Partial employer pick-up percentages/amounts (both equal 11.75%) – not currently completed by CPAS. In 2012 and 2014, member contributions increased to 9.75% and 11.75%. Model 2 Partial was developed so that employers could negotiate picking up the difference in the increased member contributions from the original 7.75%.

3) Examples of internal control validations eligibility:

- The Employer validates/states their teachers have a written agreements for teaching – New system Enrollment File.
- The Employer validates their teachers are licensed -provide license number - new system Enrollment File.
- TFFR is working with DPI/ESPB and NDIT on an interface to compare and identify members on the TFFR database that have no license or an ineligible license (example - subbing).
- System will require the employer to submit a beneficiary form for new members as a step in of enrollment.

4) Examples of internal control validations to ensure salary is reported in the correct fiscal year:

- At year end, the employer (in the upload) will separate June summer salary earned and July/August salary earned and the new system programs salary to the correct fiscal year.
- At year end, employer (in the upload) separates June summer salary earned hours and July/August salary earned hours and the new system programs hours in the correct fiscal year

5) Examples of internal control validations to prevent the reporting of ineligible salary:

TFFR staff will work with the Software Vendors in developing an upload program to the Employer Self-Service Portal that would use TFFR standardized pay codes for eligible salary. These standardized pay codes would only be reported to TFFR as salary.

TFFR Cost Effective Audit

One of the missions of RIO is to ensure that benefit recipients receive their retirement benefit in a cost effective and timely manner. IA has conducted reviews for the Executive Director to verify retirement benefits are being paid at TFFR in a cost-effective basis according to the Ends policy in the SIB Governance Manual.

Phase I of the audit is to identify and document key retirement procedures in the retirement process. Currently, the Pioneer team has started to work on retirement estimates and workflow for a normal retirement. IA will update current procedures and new procedures in the Pioneer system in the Audit Program upon completion.

In Phase II of the Audit Program, IA selects a retiree sample and test the data. Currently, IA selects a twenty-five retiree sample and inputs information from documents received into a worksheet that calculates the days from the start of process to the end of the process and other designated work processes within the process. This is a time intensive manual process.

IA will be able to streamline the audit process in the future because the Pioneer system has the ability to complete Phase II and generate a report for workflow for all retiree transactions processed in the set designated timeframe. Instead of a sample, IA would

be looking at all completed retiree transactions. IA would also be able to focus on the retirees where the timeframe was exceeded and identify the reason for exceeding the maximum number days and bottlenecks in the process if they exist.

Other processes initially discussed but not completed were disabilities, dual members, QDRO's, and payroll.