

DRAFT

MINUTES

June 21, 2012

Audit Committee
Employee Trust Funds Board
State of Wisconsin



Location:

State Revenue Building – Conference Room 246
2135 Rimrock Road, Madison, WI

COMMITTEE MEMBERS PRESENT:

William Ford, Chair
Jon Litscher, Vice Chair
Kimberly Hall, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary
Division of Retirement Services:
Chris Lindeman, Trust Funds Director
Office of Internal Audit:
John Vincent, Director
Claudius Lebi, Auditor-Advanced
Helen Malzacher, Auditor-Advanced

OTHERS PRESENT:

Legislative Audit Bureau:
Brian Geib

Mr. Ford called the Audit Committee (Committee) to order at 8:00 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

MOTION: Mr. Litscher moved to accept the minutes of the December 1, 2011, Committee meeting, as submitted by the Board Liaison. Mr. Ford seconded the motion, which passed without objection on a voice vote.

ELECTION OF OFFICERS

MOTION: Mr. Ford moved to nominate and elect the current slate of officers. Mr. Litscher seconded the motion, which passed without objection on a voice vote.

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2011-2013 AUDIT PLAN STATUS

Mr. Vincent referred the Committee members to the memo regarding the status of the 2011-2013 Audit Plan (Ref. AUD | 6.21.12 | 3). He highlighted the following audits and activities during the first year of the 2011-2013 Audit Plan.

- Benefit Payment System (BPS) file maintenance – Each month, approximately one million transactions are processed in BPS. Internal Audit will work with the Division of Retirement Services (DRS) to identify the transaction type with the highest risk to be the focus of the audit.
- The life rate changes to member accounts and lump sum payment system audits are on hold because Mr. Lebi and Mr. Vincent are assisting DRS with the annual reconciliation process.
- The accumulated sick leave conversion credit data maintenance and processing accuracy audit has been cancelled, due to Department of Employee Trust Funds (ETF) developing an application to replace the sick leave system. Internal Audit staff will be providing advisory services to the development team.

AUDIT REPORTS

Mr. Lebi stated the objective of the BPS reconciliation audit (11-05) was to review the monthly BPS processes and controls to determine if they were complete, accurate, and timely. He also presented the background for the audit and highlighted the audit approach and reviews that were completed. Ms. Malzacher assisted with the audit and discussed her technical review of the processes and controls. Reasonable assurance was given that the monthly processes and controls are complete, accurate, and timely.

Ms. Malzacher stated the objective of the annual retirement annuity adjustments audit (11-02) was to review the process and accuracy of the 2009 adjustments to annuitant accounts and annuity payments resulting from the annual annuity adjustments. She stated that other than the one duplicate account that was discovered, ETF's annual annuity adjustments were accurate and complete. Regarding the duplicate account, Ms. Lindeman remarked that an agreement is in place to recover the overpayment through an actuarial offset to the annuitant's pension, a review has been completed of procedures and for duplicate accounts, and no erroneous duplicate accounts were identified.

AUDIT RESOURCES

Mr. Vincent advised the Committee that the recruitment for an Auditor-Advanced was unsuccessful. Preparations are being made to re-announce the position.

ADJOURNMENT

MOTION: Mr. Litscher moved to adjourn the meeting. Mr. Ford seconded the motion, which passed without objection on a voice vote.

The Committee adjourned at 8:55 a.m.

Date Approved: _____

Signed: _____

Kimberly Hall, Secretary
Audit Committee