

**MINUTES OF SEPTEMBER 16, 2010, MEETING**

**DRAFT**

**STATE OF WISCONSIN  
EMPLOYEE TRUST FUNDS (ETF) BOARD  
AUDIT COMMITTEE**

Holiday Inn Hotel and Suites, Conference Room C  
1109 Fourier Drive, Madison, WI

**COMMITTEE MEMBERS PRESENT:**

Wayne McCaffery, Vice-Chair	Kathy Kreul, Secretary
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**COMMITTEE MEMBERS ABSENT:**

Rosemary Finora, Chair	
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**PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:**

Dave Stella, Secretary Rhonda Dunn, Executive Assistant	John Vincent, Director, Office of Internal Audit
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**OTHERS PRESENT:**

ETF Office of Internal Audit: Claudius Lebi, Helen Malzacher	Legislative Audit Bureau: Brian Belford, Brandon Brickner
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Wayne McCaffery, Vice-Chair, Audit Committee (Committee), called the meeting to order at 7:35 a.m.

**CONSIDERATION OF MINUTES OF PREVIOUS MEETING**

***MOTION: Kathy Kreul moved to accept the minutes of the March 18, 2010, Audit Committee meeting, as submitted by the Board Liaison. Wayne McCaffery seconded the motion, which passed without objection on a voice vote.***

**AUDIT REPORTS**

Retired Lives Data Verification Audit – Mr. Vincent reviewed and discussed the report of the audit conducted on the accuracy and reliability of data provided to the Board's consulting actuary, Gabriel Roeder Smith & Company for the 2009 retired lives valuation.

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In its findings and conclusions, the Office of Internal Audit (OIA) found no reportable findings with the audit. Therefore, it was reported that the retired lives actuarial data verification audit to be free of material errors that may adversely affect GRS' retired lives actuarial valuation

Drop-Filed Document Audit – Mr. Vincent provided an update on the status of this audit. The final audit report was expected for this meeting; however, additional information was unexpectedly received by OIA that will require additional fieldwork. The audit was to: (1) determine whether the Department of Employee Trust Funds (ETF) could achieve improved efficiency by electronically imaging all ETF forms received via incoming mail, and (2) avoid the inherent risks associated with physical mail delivery if such mail is temporarily misplaced or lost or when a mail recipient is not in the office or no longer employed with ETF.

During discussion, Committee member's shared their personal experience on the advantages of imaging the documents into a workflow system as quickly as possible.

Mr. Stella, Ms. Dunn, and Mr. Vincent answered questions from the Committee.

## **OPEN AUDIT OBSERVATIONS REPORT**

Mr. Vincent reviewed the report on the number of open observations for each division/office, and the number of plans of actions that are in place. The totals include 64 open observations from audits completed through calendar year 2009 with 37 plans of action. This information is to assist the Audit Committee in monitoring progress being made on recommendation implementation. As a result of the review, the OIA is refining and implementing a more proactive follow-up process to review prior audit observations.

Mr. Stella, Ms. Dunn, and Mr. Vincent answered questions from the Committee.

## **DISCUSSION**

Mr. Vincent provided a review on the progress of the 2009-2011 Audit Plan that included Third Party Audits and SAS 70 reviews, employer audit program research project, feedback surveys, and a published article on Internal Audit's role and responsibilities for ETF's internal employee newsletter.

Mr. Vincent provided a brief update on the status of the 2009 Comprehensive Annual Financial Report.

## ADJOURNMENT

***MOTION: Kathy Kreul moved to adjourn the meeting. Wayne McCaffery seconded the motion, which passed without objection on a voice vote.***

The Audit Committee of the ETF Board adjourned at 8:20 a.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Kathy Kreul, Secretary  
Audit Committee