STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
http://etf.wi.gov

CORRESPONDENCE MEMORANDUM

DATE: August 27, 2012

TO: Audit Committee Members

FROM: John Vincent, Director
Office of Internal Audit

SUBJECT: 2011-2013 Audit Plan Status

This memo is for informational purposes only. No action is required.

Below is the status summary of the 2011-2013 Audit Plan projects and advisory services completed or initiated, as well as other activities as of August 24, 2012.

2011-2013 AUDIT PLAN

1. **Audit Projects – Completed**
   a. Proprietary Software Audit – Report was presented at the December 2011 Audit Committee meeting.
   b. Retirement, Death, Disability, Service Purchase Estimates Audit – Report was presented at the December 2011 Audit Committee meeting.
   c. Dependent Eligibility Audit – Final report to Group Insurance Board provided to Audit Committee, dated March 20, 2012.
   d. Benefit Payment System (BPS) Reconciliation Audit – Report was presented at the June 2012 Audit Committee meeting.
   e. Annual Annuity Adjustment Audit – Report was presented at the June 2012 Audit Committee meeting.

2. **Audit Projects – In-Process**
   a. BPS File Maintenance – Scope development is in progress to include discussions with the Division of Retirement Services (DRS) and surveying public retirement system members of the Association of Public Pension Fund Auditors.
   b. Lump Sum Payment System – Initial planning has begun.
   c. Open Action Plans – The Office of Internal Audit (OIA) continues to monitor and follow up on the status of action plans that were developed to address

Reviewed and approved by Robert J. Conlin, Secretary
Signature 9/5/12
Date

Board	Mtg Date	Item #
AUD	9.20.12	2

audit findings and recommendations. There are 40 open action plans, with 35 resulting from audits completed during 2009 through 2011.

3. **Audit Projects – Start Dates To Be Determined**
   a. Development of Online Employer Self-Assessment Method
   b. Life Rate Changes to Member Accounts
   c. myETF Benefits
   d. Actuarial File Testing (Active Lives)
   e. Actuarial File Testing (Retired Lives)
   f. Continuity of Operations Program
   g. Internal Control Plan Review
   h. 1099-R Data Review
   i. Review of Statements on Standards for Attestation Engagements16 Reports

4. **Audit Project – Cancelled**
   Accumulated Sick Leave Conversion Credit Data Maintenance and Processing Accuracy – This audit has been cancelled as a result of a Department of Employee Trust Fund (ETF) initiative to replace the current sick leave system by the end of 2012. OIA will be providing advisory services to the development team.

5. **Advisory Services/Special Requests**
   a. Annual Reconciliation – At the end of July, Claudius Lebi and I completed our involvement assisting DRS with reconciliation, an annual process to reconcile WRS contribution amounts with employee hours and earnings.
   b. Data Governance Operations Project Pilot Team – Helen Malzacher represented OIA on this team, which concluded its work in January 2012. The data governance pilot project was to use data governance processes to analyze how important data assets are formally managed throughout ETF. Specifically, the project looked at various issues surrounding ETF's collection, storage, and use of addresses of active employees to prepare the annual statement of benefits (SOB) mailing.
   c. ETF Security Council – I have been participating in regular Security Council meetings, providing advice about data governance security policies (e.g., data classification, logging, auditing, and computer security incident response).
   d. Reconciliation of Vendor Invoices to Account Deductions – In response to a request from the Office of Budget and Trust Finance, Mr. Lebi has been working with staff from DRS and the Division of Management Services (DMS) to determine the cause of the monthly differences.
   e. Annual Annuity Adjustment Technical Documentation – Ms. Malzacher is providing advisory services to DRS by providing feedback on draft technical process documentation.
   f. Affirmative Action Committee – Mr. Lebi was appointed to the Committee.

g. Record Disposal Authority (RDA) Review – Ms. Malzacher is providing advisory services to the DMS/Office Services Bureau by reviewing and providing feedback, suggestions, and asking questions of draft RDA documents.

6. Monitoring of System Development Projects

a. Accumulated Sick Leave System - This project will replace the existing Accumulated Sick Leave Conversion Credit System with a new web-based system.

b. Transformation, Integration, and Modernizing (TIM) – The Office of Internal Audit will be partnering with the Office of Policy, Privacy and Compliance to monitor risk management efforts during ETF's procurement of a new commercial off the shelf (COTS) solution.

7. Training/Association Meetings

a. Webinars:

i. Institute of Internal Auditors (IIA) – Managing Third Party Risks (Mr. Lebi)
ii. The 7 Deadly Sins of Report Writing (Mr. Lebi)
iii. Anti-Corruption: What Every Internal Auditor Needs To Know (Mr. Lebi)
iv. American Institute of Certified Public Accountants - Committee of Sponsoring Organizations of the Treadway Commission (COSO) - COSO's Proposed Revision to the Internal Control – Integrated Framework (myself, Mr. Lebi)
v. IIA – Auditor Roles in Public Sector Performance Auditing & Measurement (Mr. Lebi)
vi. Society of Information Systems Auditors of Wisconsin meeting (Ms. Malzacher)
vii. Monthly Roundtable Conference Call - Madison IIA (myself)
viii. Planning & Conducting a Fraud Risk Assessment (myself)
ix. Webinar – Active Data for Excel (Mr. Lebi)

b. Training:

i. Maintaining a Respectful Workplace (myself, Mr. Lebi, Ms. Malzacher)

I will be available at the Audit Committee meeting to answer any questions you may have.