

DRAFT

# MINUTES

December 6, 2012

Audit Committee  
Employee Trust Funds Board  
State of Wisconsin



Location:  
State Revenue Building – Conference Room 244  
2135 Rimrock Road, Madison, WI

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## COMMITTEE MEMBERS PRESENT:

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

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## PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary  
Office of Internal Audit:  
John Vincent, Director  
Claudius Lebi, Auditor-Advanced  
Helen Malzacher, Auditor-Advanced  
Jackie Van Marter, Auditor-Advanced

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## OTHERS PRESENT:

Legislative Audit Bureau:  
Brian Geib

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Mr. Ford, Chair, 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 September 20, 2012, Committee meeting, as submitted by the Board Liaison. Ms. Hall seconded the motion, which passed unanimously on a voice vote.***

## ANNOUNCEMENT

Ms. Van Marter was formally introduced as a new Auditor-Advanced.

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AUD	3.7.13	1

### **OPEN ACTION PLAN REPORT**

Mr. Vincent advised the Committee that the intent of this report is to raise and maintain Committee awareness of open action plans. Historically, action plans would be developed but not completed due to other priorities and lack of follow up. Prior to 2008, hundreds of open action plans remained incomplete. However, through the efforts of Helen Malzacher working with ETF divisions and offices, the current report shows a balance of 27 open action plans. This is down from 40 reported at the June 2012 meeting. Updates will be included at future meetings.

### **2011 - 2013 AUDIT PLAN STATUS**

Mr. Vincent noted a few updates to the 2011–2013 Audit Plan Status report from September 2012, due to audit staff involvement in the Post and Roll/System Recovery review project.

Ms. Van Marter is researching the possible development of an Online Employer Self-Assessment Method

At the Association of Public Pension Fund Auditors (APPFA) conference Mr. Vincent attended in November 2012, there were remarks made about Wisconsin being one of the states that founded APPFA in 1991. The organization now has more than 100 member organizations. The following highlights from the conference were presented.

- Employer audits – nine systems conduct employer audits with two others having on-line employer self-audit programs.
- New benefit administration systems – almost 30% of the 40 retirement systems being represented (Indiana, Iowa, South Dakota, Tennessee, Teacher Retirement System of Texas and Wyoming) are in various stages of replacing their current benefit administration system. In addition, the Indiana Public Employees Retirement System is replacing their financial system, similar to ETF.
- Legislative changes – some of the retirement system changes in place are a result of legislation.

### **DISCUSSIONS OF THE IT SYSTEM ISSUES ASSOCIATED WITH THE ANNUAL STATEMENT OF BENEFITS**

The Committee discussed a review completed by Internal Audit of the IT system issues associated with the Annual Statement of Benefits:

- Some member and employer data became corrupted during the annual processing.
- Systems were shut down and all data was restored.
- Audit review confirmed the recovery process, controls, reconciliation and restoration efforts for the Statement of Benefits were accurate and complete.

- Action plans from lessons learned discussions are being completed to correct the annual process and systems.
- The Secretary's Office provided a response to three Internal Audit recommendations:
  - 1) the Project Management Office will facilitate managing the annual Post & Roll process;
  - 2) lessons learned documents will be housed in a searchable repository, and reviewed during project planning; and
  - 3) major work units will review whether any of their significant "routine" processes would benefit from project management.

Mr. Vincent asked Committee members to submit topics of interest for future agendas to him.

#### **ADJOURNMENT**

***MOTION: Mr. Litscher moved to adjourn the meeting. Ms. Hall seconded the motion, which passed unanimously on a voice vote.***

The Committee adjourned at 8:55 a.m.

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

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

Kimberly Hall, Secretary  
Audit Committee