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## CORRESPONDENCE MEMORANDUM

**DATE:** February 6, 2013

**TO:** Audit Committee Members

**FROM:** John Vincent, Director  
Office of Internal Audit

**SUBJECT:** **Accumulated Sick Leave (AcSL) Reconciliation and System Access Review (2013-02)**

**This report is for Audit Committee review and discussion. No action is required.**

Attached is the Executive Summary of the Accumulated Sick Leave (AcSL) Reconciliation and System Access Review, which was completed and submitted to the Office of the Secretary of the Department of Employee Trust Funds. The Executive Summary provides the review objective, scope, conclusions, and background. There are no process or system change recommendations in the report.

### Secretary's Office Comments

*We are pleased that the reconciliation feature of the new AcSL system is working accurately and efficiently, thus permitting staff to focus resources on other matters. Also, that the Department's security access process is working as designed.*

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

Attachment: Executive Summary of the Accumulated Sick Leave (AcSL) Reconciliation and System Access Review

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 2/13/13

Board	Mtg Date	Item #
AUD	3.07.13	5A



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## CORRESPONDENCE MEMORANDUM

February 6, 2013

Bob Conlin, Secretary  
Department of Employee Trust Funds

### **Accumulated Sick Leave (AcSL) Reconciliation and System Access Review (2013-02)**

The Office of Internal Audit submits the Executive Summary of the final report of the Accumulated Sick Leave System (AcSL) Reconciliation and System Security Access review.

The review, conducted at the direction of the Secretary's Office, was to evaluate the adequacy, efficiency, and effectiveness of the Department of Employee Trust Funds' (ETF) recently released accumulated sick leave system for reconciling member sick leave accounts and security access. The attached Executive Summary provides the objectives, scope, conclusion, and background. There are no process or system change recommendations in the report.

We concluded the only sick leave account reconciliation performed with the new AcSL system for January 2013 was complete, accurate and timely. Also, the AcSL system works as designed and all access and user profiles are appropriate and for approved and authorized employees.

*We acknowledge the assistance and cooperation of the Division of Retirement Services' Benefit Services Bureau and the Division of Management Services' Bureau of Information Technologies. We greatly appreciate the time and effort we received during the review.*

Respectfully submitted,

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John Vincent  
Director, Office of Internal Audit

Cc: Rob Marchant, Deputy Secretary



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**Accumulated Sick Leave (AcSL) Reconciliation  
and System Access Review  
(2013-02)**

**Executive Summary  
February 2013**

**Review Objective**

The objective of the review was to understand the AcSL process of reconciling health insurance vendor invoices against the deductions taken from sick leave accounts and annuities, and how effective the process has been with AcSL. The review was to also learn the status of any outstanding reconciliation discrepancies based on the old system and process as of the month prior to the activation of the AcSL, as well as the appropriateness of security access levels.

**Scope**

The scope consisted of two parts:

1. Review reconciliation statuses of current and prior health insurance voucher payments with corresponding deductions to member sick leave accounts and annuities.
2. Review security access levels granted agency staff.

**Conclusion**

The Office of Internal Audit found no issues with the new Accumulated Sick Leave (AcSL) system. There were no differences between the vendor health insurance invoice payments and member accumulated sick leave accounts for the January 2013 reconciliation. It should be noted that January 2013 was the first monthly reconciliation performed using AcSL.

The Office of Internal Audit also determined that all access and user-profiles are appropriate and for approved and authorized employees.

## Background

A new system, AcSL, (Accumulated Sick Leave system), a web-based application, was deployed in December 2012 to replace the aging mainframe-paper based Accumulated Sick Leave Conversion Credit (ASLCC) application. AcSL represents a substantial business and customer service improvement and meets ETF's goal of transformation, integration, and modernization to better serve our members.

The Division of Retirement Services' Benefit Services Bureau, AcSL's primary user, underscored some of the advantages of AcSL over its predecessor application to include:

- AcSL's ability to use the Benefit Payments System (BPS) demographic data, thereby eliminating the need for another silo of demographic information;
- Provides real-time account information, including status, updates, and workflow;
- Links "related accounts", such as for two married state annuitants who are using one account and keeping the other "on hold" or for the survivor of a deceased member with sick leave credits;
- Uses the monthly MyETF Benefits premium invoice to determine the appropriate premiums to deduct from an AcSL account. The direct sick leave account deduction ensures a clean reconciliation between member accounts, balances, and premiums owed to the health plans.
- Provides a full tracking history of account creation, premium deductions and adjustments so that staff, and eventually members, can see how and why the account balance has changed over time.

Within the year, the AcSL system will achieve two of ETF's goals for transformation, integration, and modernization by making the system available as an on-line feature for members to access their accounts, including a sick leave calculator. The second goal is to make AcSL available to employers to directly enter member sick leave certification information into the system.

One of the core features of AcSL is the ability to reconcile vendor health insurance premium payments against corresponding deductions from annuitants AcSL account and identify any differences for resolution. Prior to AcSL, the reconciliation process was very cumbersome and required considerable staff time, which even then resulted in irreconcilable differences from one month to the next.

Regarding system security access review, the implementation of AcSL in late November 2012 provided an opportunity to ensure that access to security roles are limited to the necessary staff to complete properly segregated job duties. The Office of Internal Audit verified the appropriateness of staff with advanced permissions and verified the disabled access of terminated employees.