



STATE OF WISCONSIN  
Department of Employee Trust Funds  
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SECRETARY

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## CORRESPONDENCE MEMORANDUM

**DATE:** February 5, 2013  
**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 February 1, 2013.

### 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.
- f. **(New)** Accumulated Sick Leave System (AcSL) Reconciliation and System Security Access Review – Report is included in the March Audit Committee materials.

#### 2. Engagements – In-Process

- a. BPS File Maintenance – Field work in progress
- b. Lump Sum Payment System – Field work in progress
- 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 audit findings and recommendations.

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 2/18/13

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- d. **(New)** On-line Employer Self-Assessment Method – Jackie Van Marter has been researching how this method is working for the Washington State Retirement System. The purpose is to determine if such an approach would assist ETF in monitoring how employers are administering WRS procedures and rules.
- e. **(New)** Internal Control Plan Review – Ms. Marter will be conducting tests of control measures that are reported in the Department's 2013 Internal Control Plan that will be submitted to the State Controller's Office.

### **3. Audit Projects – Start Dates To Be Determined**

- a. Life Rate Changes to Member Accounts
- b. myETF Benefits
- c. Actuarial File Testing (Active Lives)
- d. Actuarial File Testing (Retired Lives)
- e. Continuity of Operations Program
- f. 1099-R Data Review
- g. Review of Statements on Standards for Attestation Engagements (16 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 - Completed**

- a. Annual Reconciliation – At the end of July, 2012, Claudius Lebi and I completed our involvement assisting the Division of Retirement Services (DRS) with reconciliation, an annual process to reconcile Wisconsin Retirement System 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.

### **6. Advisory Services/Special Requests – Active/Continuing**

- a. ETF Security Council – I continue to participate in regular Security Council meetings, providing advice about data governance security policies (e.g., data classification, logging, auditing, and computer security incident response).
- b. Annual Annuity Adjustment Technical Documentation – Ms. Malzacher continues to provide advisory services to DRS by providing feedback on draft technical process documentation.
- c. **(New)** Compliance Audits of Third-Party Administrators – Mr. Lebi and Ms. Van Marter participated in the entrance conference of the compliance audit for the ERA/Commuter and Life Insurance benefit programs.

- d. Record Disposal Authority (RDA) Review – Ms. Malzacher provides advisory services to the DMS/Office Services Bureau by reviewing and providing feedback, suggestions, and asking questions of draft RDA documents.
- e. Affirmative Action Committee – Mr. Lebi serves on this Committee.
- f. Post and Roll/System Recovery Review – Report was discussed at the December 6, 2012 Audit Committee meeting.

## 7. 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. **(Updated)** Transformation, Integration, and Modernizing (TIM) – Mr. Vincent and Steve Hurley (Director – Policy, Privacy & Compliance Office) make up the Risk Management Monitoring Team for this initiative. A report is included with the Audit Committee material.

## 8. 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. Association Meeting
  - i. Association of Public Pension Fund Auditors (APPFA) (myself)
- c. Training:
  - i. Maintaining a Respectful Workplace (myself, Mr. Lebi, Ms. Malzacher)
  - ii. **(New)** Planning Data Analytics into your Audits (Mr. Lebi)

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