



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: May 21, 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.

This is the final status summary of the 2011-2013 Audit Plan (Plan), relative to the projects and advisory services completed or initiated, as well as other activities. This information covers the period July 1, 2012 through May 15, 2013.

Audit Plan – Summary Breakdown

The following is a summary breakdown of the number of audits, annual required monitoring initiatives and other projects/consulting services that were completed during the 2011-2013 Audit Plan period. Three audits from the 2009-2011 Audit Plan that were completed during the 2011-2013 Audit Plan period.

Audit/Project Category	Planned	Completed	In Process	Not Started/Canceled
1. Audits (2009-2011 Audit Plan)	na	3	0	na
2. Audits (2011-2013 Audit Plan)	9	5	1	3
3. Annual Required Monitoring	9	4	1	4
4. Other Projects/Consulting	13	9	4	0
5. Monitoring Systems Development Projects	0	1	1	0
Totals	31	22	7	7

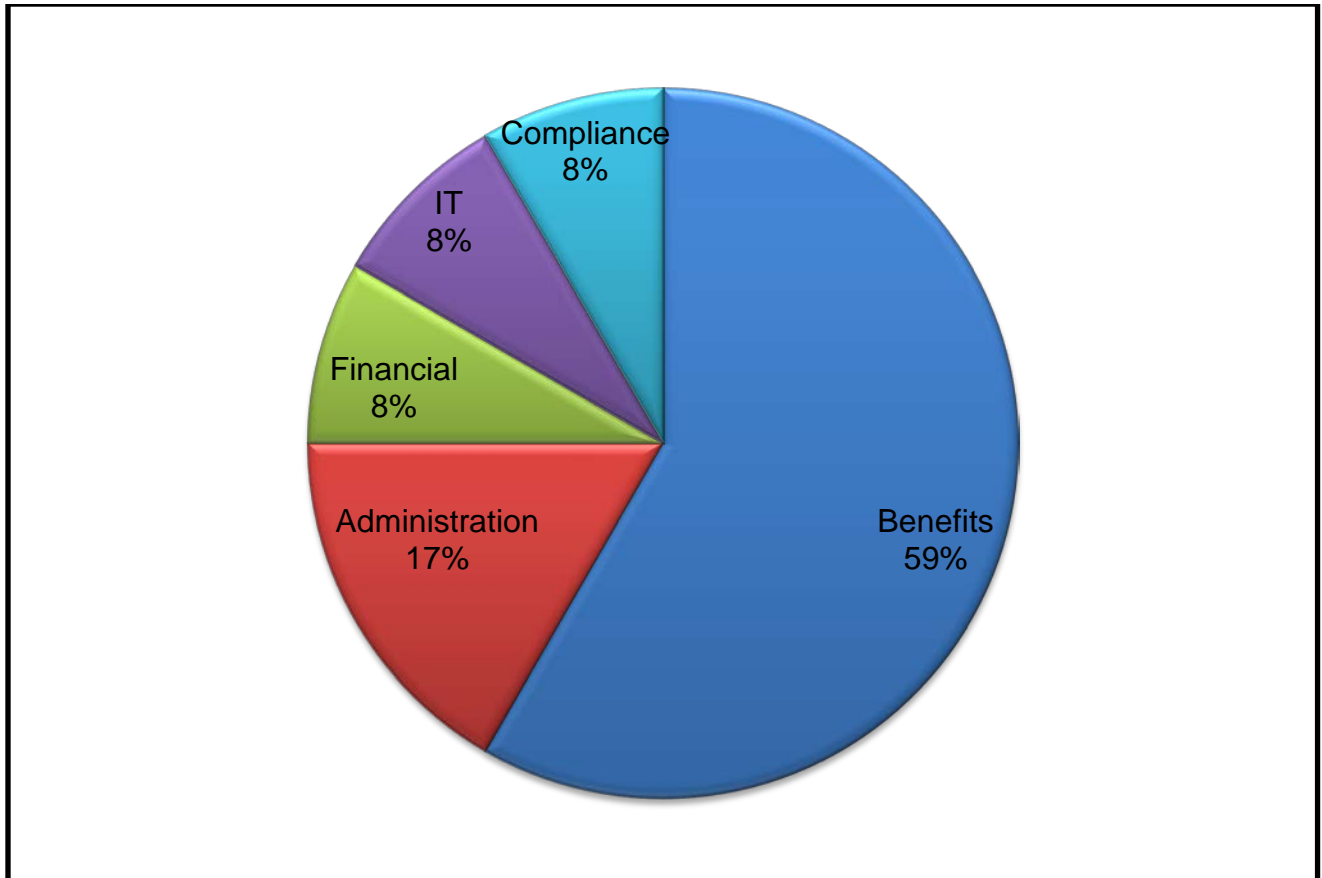
Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 6/3/13

Board	Mtg Date	Item #
AUD	6.20.13	3A

Audit Plan – Audit Coverage

The following graph reflects the emphasis of the completed audits and annual required monitoring projects.



As always, the Plan was a dynamic document that changed during each year as circumstances dictated. Continuous reassessment of risk, requests from Audit Committee, Secretary’s Office or management, and changes in the organization or operations contributed to changes to the Plan.

Audit Plan Detail

The ensuing information provides the detail of the summary breakdown by audit/projects category.

1. Audits (2009-2011 Audit Plan)
 - a. Completed
 - i. (2011-01) Internal Control Plan Review – 2011
 - ii. (2011-02) Annual Annuity Adjustment Audit
 - iii. (2011-04) Proprietary Software Audit

2. Audits (2011-2013 Audit Plan)
 - a. Completed
 - i. (2011-03) Retirement, Death, Disability, Service Purchase Estimates Audit
 - ii. (2011-05) Benefit Payment System Reconciliation Audit
 - iii. (2013-01) Lump Sum Payments Audit
 - iv. (2013-02) Accumulated Sick leave System Reconciliation and System Security Access Review
 - v. Dependent Eligibility Audit
 - b. In process
 - i. BPS Transactions Audit (previously titled BPS File Maintenance Audit)
 - c. Not started
 - i. Life Rate Changes to Member Accounts
 - ii. myETF Benefits
 - iii. Continuity of Operations Program
3. Annual Required Monitoring
 - a. Completed
 - i. Follow-up on prior recommendations (fy2012 and fy2013)
 - ii. Third party audits, SAS 70 and SSAE 16 reports (fy2012 and fy2013)
 - b. In process
 - i. Internal Control Plan review - 2013
 - c. Not started
 - i. Internal Control Plan review - 2012
 - ii. Actuarial File Testing (Active Lives)
 - iii. Actuarial File Testing (Retired Lives)
 - iv. 1099-R Data Review
4. Other Projects/Consulting
 - a. Completed
 - i. Development of 2013-2015 Audit Plan
 - ii. Post and Roll/System Recovery Review
 - iii. Annual Reconciliation – Claudius Lebi and I completed a two-month 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.
 - iv. Data Governance Operations Project Pilot Team – Helen Malzacher represented the Office of Internal Audit (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.

- v. ETF Security Council – I participated in regular Security Council meetings, providing advice about data governance security policies (e.g., data classification, logging, auditing, and computer security incident response).
- vi. Annual Annuity Adjustment Technical Documentation – Ms. Malzacher provided advisory services to DRS by providing feedback on draft technical process documentation.
- vii. Compliance Audits of Third-Party Administrators – Mr. Lebi and Jackie Van Marter participated in the entrance conference of the compliance audit for the ERA/Commuter and Life Insurance benefit programs.
- viii. Record Disposal Authority (RDA) Review – Ms. Malzacher provided advisory services to the DMS/Office Services Bureau by reviewing and providing feedback, suggestions, and asking questions of draft RDA documents.
- ix. Affirmative Action Committee – Mr. Lebi served on this Committee.

b. In process

- i. Review/update of Internal Audit procedures – Ms. Van Marter is updating procedures in preparation for posting on ETF's intranet site.
- ii. On-line Employer Self-Assessment Method – Self-assessment questions are being developed to measure employer compliance with administrative rules and procedures for retirement and insurance programs.
- iii. Income Continuation Insurance (ICI) Actuarial Assumptions – The OIA has been monitoring the Department's action plans in response to Legislative Audit Bureau (LAB) recommendations relative to the actuarial assumptions used in the actuarial valuation. The Department has been in discussion with the consulting actuary regarding making changes to address LAB's concerns, and plans to advise LAB on the changes made and monitor the effectiveness of the changes.
- iv. Electronic Delivery of Employer Bulletins – Ms. Van Marter and Mr. Lebi are providing requested advisory services to the Office of Communications and Legislation on the development of the department's capability to issue employer bulletins electronically, in lieu of mailing paper copies.

5. Monitoring of System Development Projects

- a. Accumulated Sick Leave System – This new web-based system went live November 2012.
- b. 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 was presented at the March 2013 Audit Committee meeting.

6. 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 (Mr. Vincent, 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 (Mr. Vincent)
 - viii. Planning & Conducting a Fraud Risk Assessment (Mr. Vincent)
 - ix. Webinar – Active Data for Excel (Mr. Lebi)
 - x. IIA Members Only Workshop – Emerging Fraud Risks (Ms. Van Marter)
 - xi. IIA eWorkshop – *Fraud and the Internal Auditor's Role* (OIA staff)
 - xii. Maintaining a Respectful Workplace (Mr. Vincent, Mr. Lebi, Ms. Malzacher)
 - xiii. Planning Data Analytics into your Audits (Mr. Lebi)
 - xiv. Retirement Plan Basics – (Mr. Lebi, Ms. Van Marter)
- b. Association Meeting
 - i. Association of Public Pension Fund Auditors (APPFA) (Mr. Vincent)
 - ii. Ms. Malzacher organized and facilitated a SISAW chapter meeting at ETF.

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