



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

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## CORRESPONDENCE MEMORANDUM

**DATE:** November 22, 2013  
**TO:** Audit Committee Members  
**FROM:** John Vincent, Director  
Office of Internal Audit  
**SUBJECT:** Review of Audit Committee Charter

**Staff recommends the Audit Committee recommend the attached Audit Committee charter to the Board for approval.**

The current Audit Committee charter specifies that the charter be reviewed for relevancy and appropriateness every three years. The Audit Committee charter was last reviewed at the September 15, 2011, meeting of the Audit Committee. The updates being proposed are to provide clarification on the roles and responsibilities of the Committee.

For ease of review, one draft designates suggested changes with strike-through and underscoring, while the other draft is a clean copy of the charter with the changes incorporated.

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

Attachments: A) Draft Audit Committee Charter with mark-up  
B) Draft Audit Committee Charter with changes incorporated

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 11/22/13

Board	Mtg Date	Item #
AUD	12.5.13	6A

~~EMPLOYEE TRUST FUNDS BOARD~~  
~~CHARTER~~  
~~EMPLOYEE TRUST FUNDS BOARD~~  
~~AUDIT COMMITTEE CHARTER~~  
Adopted: December 12, 2008  
Last Revised: December 5, 2013

**General Purpose**

The Employee Trust Funds Board (Board) has established the Audit Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities including the financial reporting process, the system of internal control, and the Department's process for monitoring compliance with laws and regulations and the Institute of Internal Auditors code of conduct. ~~Generally, the Committee will review:~~

- ~~1. The adequacy and effectiveness of the Department's system of internal controls, including those relating to information technology systems; and~~  
~~2. The Department's accounting and financial reporting systems.~~

**Membership**

Membership shall be determined by the Board chair, except that the Committee shall be composed of three Board members.

At the first meeting of the Committee in each calendar year, the Committee shall elect one of its members chair, another member vice chair, and a third member secretary, each to serve for a term of one year or until his or her successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of chair, the vice chair shall immediately assume the office of chair for the remainder of the term. In the event of a vacancy in the office of vice chair or secretary, the Committee shall, at its next regular meeting, elect one of its members to fill such vacancy for the remainder of the term.

**Duties and Responsibilities Authority**

In consultation with the Secretary, the Audit Committee shall:

- Review and assess the adequacy of the Audit Committee charter annually and request Board approval of proposed changes.
- Review and approve the Office of Internal Audit charter.
- Provide policy recommendations for an effective system of internal controls to the Board.
- Provide recommendations for periodic assessment of the system of internal controls, including information technology systems.
- Review and approve the biennial audit plan and all major changes to the plan, and the

Office of Internal Audit's performance relative to its plan.

- Participate in the selection of the Director – Office of Internal Audit.
- ~~Approve the scope and objectives of internal audits, whether conducted by staff or external parties, including the audit plan developed by the Internal Audit Director and approved by the Secretary.~~
- Review audit findings together with management's responses and inform the Board of all internal audit reports prepared by the Internal Audit Director.
- Review and make recommendations to the Board regarding any audit reports prepared by the Legislative Audit Bureau.
- Review the Comprehensive Annual Financial Report.
- Review the effectiveness of the internal audit function and make recommendations to the Board, the Secretary, and the Internal Audit Director on methods to improve the function.
- Review with the Secretary, the Legislative Audit Bureau, and, as necessary, appropriate legal counsel, any claim or contingency that could have a significant effect on the financial condition of the Trust Fund and how that claim or contingency is being managed.
- Bring to the attention of the Board any audit issue it deems significant or otherwise appropriate for the Board's consideration.
- Keep minutes of Audit Committee meetings and ensure that minutes are made available to Board members.

## **Meetings**

The committee shall meet at least ~~one~~two (12) times per calendar year, and may convene more frequently as circumstances require.

The committee may invite members of management, auditors or others to attend the meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The committee chair, or designee, will provide a committee report and submit applicable recommendations to the Board.

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## **Charter Review**

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~~The Board, in consultation with the Audit Committee, shall review this charter for relevancy and appropriateness at least once every three years.~~

## **History**

The Board adopted this charter on December 12, 2008. The Board reviewed and approved this charter, with no changes, on September 15, 2011.

**CHARTER  
EMPLOYEE TRUST FUNDS BOARD  
AUDIT COMMITTEE  
Adopted: December 12, 2008  
Last Revised: December 5, 2013**

**Purpose**

The Employee Trust Funds Board (Board) has established the Audit Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities including the financial reporting process, the system of internal control, and the Department's process for monitoring compliance with laws and regulations and the Institute of Internal Auditors code of conduct.

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Membership shall be determined by the Board chair, except that the Committee shall be composed of three Board members.

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- Provide recommendations for periodic assessment of the system of internal controls, including information technology systems.
- Review and approve the biennial audit plan and all major changes to the plan, and the Office of Internal Audit's performance relative to its plan.
- Participate in the selection of the Director – Office of Internal Audit.
- Review audit findings together with management's responses and inform the Board of all internal audit reports prepared by the Internal Audit Director.
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