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## CORRESPONDENCE MEMORANDUM

**DATE:** June 5, 2014  
**TO:** Audit Committee Members  
**FROM:** John Vincent, Director  
Office of Internal Audit  
**SUBJECT:** 2013-2015 Audit Plan Status

**This memo is for informational purposes only. No action is required.**

The following is a status summary of projects and advisory services completed or initiated during the first year of the 2013-2015 Audit Plan (Plan). This information covers the period July 1, 2013 through June 15, 2014.

### Audit Engagements Completed

- BPS Manual Transactions Audit (13-03) – The audit was to verify the accuracy of manual transactions made by the Division of Retirement Services staff that produced computer-based adjustments to annuitant member accounts in the system. There were three recommendations in the report.
- Internal Control Plan Review (13-04) - The review was performed to provide the department a reasonable assurance that the department's systems of controls are functioning as designed, or have mitigating controls in place, if required. There was one 3-part recommendation in the report.
- Information Privacy and Security Incidents Reports (13-08) - Ensure that employees are following the Department's Information Security and Privacy policy regarding reporting the unauthorized, inadvertent use or disclosure of member confidential personal information to the Department's Privacy Officer for review and remediation, if required. There were two recommendations in the report.
- Disable WEBS Access upon Termination Process Review (13-10) - This review was to determine if additional controls could be added to improve the department's process to disable access upon employee termination. There were no recommendations in the report.

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed 6/12/14

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- Financial Management Information System Data Migration Review (14-02) – This engagement was to ensure that accounting data migration from the department's disparate accounting systems to the new Financial Management Information System were accurate and complete. There were no recommendations in the report.

### **Advisory Services/Special Requests**

It should be noted that the following reflects a significant increase in requests from divisions/offices for advisory or consulting services. The nature and scope of these services is to add value and improve ETF's governance, risk management, and control processes without the internal auditor assuming management responsibility.

1. ETF Security Council – Participation in Security Council meetings as a non-voting member, providing advice about data governance security policies.
2. Review of Compliance Audits of Third-Party Administrators (TPA) – Review of draft audit reports, review of working papers, and providing comment and assistance to the Division of Insurance Services and Division of Retirement Services.
3. Transformation, Integration, and Modernization Initiative (TIM) Risk Management Monitoring Team
4. Wisconsin Deferred Compensation (WDC) Financial Statement Audit Contract Review – At the request of the director of the Deferred Compensation Program, reviewed and offered language changes to the WDC financial statement audit contract.
5. Procurement Delegation Review – At the request of the Budget and Policy Supervisor, Nadine Konrath, provided advisory services to assist in securing additional procurement authorization from the Department of Administration.
6. Electronic Delivery of Employer Bulletins – At the request of the Office of Communications, provided advisory services with the department's development of the process to issue employer bulletins electronically.
7. CAFR Review Process – Drafted 2-step process to assess and test the development of the department's Comprehensive Annual Financial Statement Report.
8. SAMS New Re-Indexing Query – Provided advisory assistance with new reporting tool.

9. BAS Validation – Participated in discussion to validate Benefit Administration System (BAS) processes that would provide auditing capabilities for the Office of Internal Audit.
10. Tax Reporting – Serving in lead role to review the process and controls of the department in reporting and submitting tax payments to the Internal Revenue Service and Social Security Administration.
11. Security Violation – Completed review of a reported security violation by a Third Party Administrator against the department's process and controls.

### **Audit Engagements – Active**

- (13-05) Employer Audit Program
- (13-09) Contract Payments Invoice Review Audit
- (14-01) Mobil Computing Security Audit

### **External Quality Assessment Review**

In October 2013, the Office of Internal Audit (OIA) secured the services of an independent internal audit consultant to conduct an external quality assessment review (QAR) to measure OIA's conformance with international auditing standards. The QAR was the first assessment conducted by ETF since the internal audit function was established in July 1985. It was the opinion of the independent assessor that ETF's internal audit function partially conforms to these standards. The results from the QAR provide significant opportunities for OIA to more fully conform to the standards and provide enhanced services to ETF executive management and the Audit Committee. The OIA continues to address each of the opportunities.

### **Audit Management**

The OIA evaluated various audit management software packages to select a package that would increase the efficiency and productivity of the entire internal audit process, including: risk assessment, scheduling, planning, execution, review, report generation, trend analysis, audit committee reporting and storage. By providing an integrated, paperless solution for managing audits, the audit software would greatly increase efficiency throughout all facets of the internal audit workflow. A procurement recommendation has been submitted for consideration for ETF's FY15 budget.

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