

DRAFT

# MINUTES

June 26, 2014

## Audit Committee

Employee Trust Funds Board  
State of Wisconsin



## Location:

State Revenue Building – Conference Room 340  
2135 Rimrock Road, Madison, WI

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## COMMITTEE MEMBERS PRESENT:

William Ford, Chair  
Victor Shier, Vice Chair

Kimberly Hall, Secretary

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## PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary  
Division of Retirement Services:  
Anne Boudreau, Deputy Administrator  
Health Benefits and Insurance Plans  
Bureau: Mary Statz, Director  
Tara Pray, Manager of Alternate Health  
Plans  
Shayna Gobel, Manager, Self-Insured  
Health Plans

Office of Internal Audit:  
John Vincent, Director  
Claudius Lebi, Auditor-Advanced  
Jackie Van Marter, Auditor-Advanced  
Office of Trust Finance  
Bob Willett, Director

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## OTHERS PRESENT:

Legislative Audit Bureau (LAB):  
Lisa Kasel

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Mr. Ford called the Audit Committee (Committee) to order at 7:45 a.m.

## CONSIDERATION OF MINUTES OF PREVIOUS MEETING

***MOTION: Mr. Shier moved to accept the minutes of the March 27, 2014 Committee meeting, as submitted by the Board Liaison. Ms. Hall seconded the motion, which passed unanimously on a voice vote.***

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AUD	9.25.14	1

## **ANNOUNCEMENTS**

Mr. Conlin announced this is John Vincent's last meeting, as John is retiring. Recruitment efforts to replace Mr. Vincent are nearing completion.

Mr. Conlin also introduced Lisa Kasel, Legislative Audit Bureau (LAB), who replaced Brian Geib as the supervising auditor of the LAB team conducting the department's financial statement audit.

## **BPS MANUAL TRANSACTION AUDIT**

Mr. Vincent and Ms. Boudreau provided information on the multi-phase plan established to minimize the possibility of errors that may arise during the 15,000-17,000 manual calculations that are completed each month. In addition, Ms. Boudreau said that the business unit will develop detailed rules to ensure the Benefit Administration System identifies situations that produce unusual calculation results. Mr. Ford expressed confidence in the changes that have been made.

## **AUDIT REPORT – (2013-04) INTERNAL CONTROL PLAN REVIEW**

Ms. Van Marter presented audit results, highlighting that the review and testing of 20 selected primary controls provided reasonable assurance the controls and processes in place are functioning effectively. She remarked on the recommendations to improve the annual process to identify changes in the control plan and for the report to reflect the changes. Mr. Willett noted that the changes should improve the effectiveness of the annual review.

## **AUDIT REPORT – (13-10) DISABLE WEBS ACCESS UPON TERMINATION PROCESS REVIEW**

Mr. Vincent presented the audit results that had been prepared by Ms. Malzacher. This audit was in response to the LAB's findings during the 2012 financial audit. The LAB determined that computer access remained active for staff who were no longer employed at ETF. The department has already made process changes to ensure computer access is disabled for department, contract and third-party administrator staff that have departed. In view of the changes made, Mr. Vincent advised the Audit Committee that no additional process changes would be necessary.

## **AUDIT REPORT – (14-02) FINANCIAL MANAGEMENT INFORMATION SYSTEM DATA MIGRATION REVIEW**

Mr. Lebi presented the audit results, which did not include any recommendations. He explained how the audit was a special request to review the effectiveness of the transfer of data from existing systems to the new Financial Management Information System. This was the first audit in connection with the department's Transformation, Integration, and Modernization initiative.

## **AUDIT REPORT – AUDIT OF THE EMPLOYEE REIMBURSEMENT ACCOUNTS AND COMMUTER BENEFITS PROGRAMS**

Mr. Vincent provided background information on why compliance audit reports conducted on third-party administrators (TPA) are reported to the Audit Committee. He advised that while the Employee Trust Funds Board and the Audit Committee do not have direct oversight of the programs that fall under the Group Insurance Board, these presentations ensure that the Board, through the Committee, is aware of the results of TPA compliance audits and actions taken to address findings.

Ms. Statz and Ms. Pray discussed the findings from the compliance audit, including background information and the current status of findings as reported by Wipfli, the audit vendor. Ms. Pray said department staff continue to meet with the TPA to address areas of concern.

## **AUDIT REPORT – CLAIM TECHNOLOGIES INCORPORATED AUDIT**

Ms. Gobel discussed the findings from the compliance audit of the Wisconsin Physicians Service Insurance Corporation's administration of the self-insured plans. The audit was conducted by Claim Technologies Incorporated. The audit findings were reported to the Group Insurance Board at its May 21, 2014 meeting.

## **OPEN ACTION PLAN REPORT**

Mr. Vincent presented the report, noting the majority of action plans have been completed with the remainder in process. The action plans were in response to LAB findings reported during the 2012 financial audit.

## **2013-2015 AUDIT PLAN STATUS**

Mr. Vincent referenced the update of the Audit Plan for 2013-2015 highlighting the increased number of advisory service requests received by the Office of Internal Audit. Mr. Vincent remarked that this increase signifies increased confidence of audit staff to provide value added assistance and advisory services.

## **ADJOURNMENT**

***MOTION: Ms. Hall moved to adjourn the meeting. Mr. Shier seconded the motion, which passed unanimously on a voice vote.***

The Committee adjourned at 8:45 a.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Kimberly Hall, Secretary  
Audit Committee