

DRAFT

MINUTES

December 11, 2014

Audit Committee
Employee Trust Funds Board
State of Wisconsin



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

COMMITTEE MEMBERS PRESENT:

William Ford, Chair
Victor Shier, Vice Chair

Kimberly Hall, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Bob Conlin, Secretary
Division of Insurance Services:
Jeff Bogardus, Employee Benefits
Plan Policy Advisor-Advanced

Division of Retirement Services:
Anne Boudreau, Deputy Administrator
Office of Internal Audit (OIA):
Yikchau Sze, Director

OTHERS PRESENT:

ETF Division of Management Services:
Dana Perry
ETF Office of Internal Audit (OIA):
Jackie Van Marter

Legislative Audit Bureau (LAB):
Lisa Kasel

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 September 25, 2014 Committee meeting, as submitted by the Board Liaison. Ms. Hall seconded the motion, which passed unanimously on a voice vote.

Board	Mtg Date	Item #
AUD	4.2.15	1

PHARMACY BENEFIT MANAGEMENT AUDIT

Mr. Bogardus provided an overview (Ref. AUD | 12.11.14 | 3) of the audit TRICAST performed on the pharmacy benefit programs administrated by Navitus, ETF's third party administrator. Mr. Bogardus explained the objectives and scope of the audit and the reasons why TRICAST concluded that this audit is a passing audit. Mr. Bogardus will provide additional information to the Committee to clarify TRICAST's statement that the majority of the pharmacies were compliant with their contracts and performing as expected.

AUDIT REPORTS

Contract Invoice Payment Review

Ms. Sze stated that the Office of Internal Audit reviewed 15 out of the 25 active contracts in the fiscal year 2013 for invoice payment accuracy and proper management approval. (Ref. AUD | 12.11.14 | 4A) Ms. Sze informed the Committee that there were no findings.

Mobile Device Security Audit

Ms. Sze advised the Committee that the Mobile Device Audit examined physical asset security as well as the security of data stored on and accessed by those devices. There are three recommendations in the report. Mr. Perry addressed Committee questions about security measures in place to safeguard the data and agency prioritization of security projects. Ms. Sze will provide a status report to the Committee in April regarding the progress of management's corrective actions.

2013-2015 AUDIT PLAN STATUS

Ms. Sze referenced the update of the Audit Plan (Ref. AUD | 12.11.14 | 5) for 2013-2015, including a summary of completed audits with status of management responses. Ms. Sze will revisit the audit engagements for the remainder of the plan year in January 2015, when the recruitment of the vacant auditor position can be concluded.

MANUAL RETIREMENT ESTIMATE REVIEW

Ms. Boudreau reviewed and discussed the examination of the manual calculation of benefit estimates (Ref. AUD | 12.11.14 | 6). She highlighted the recent process change of auditing all manual benefit estimates to reduce risk of error. Ms. Boudreau noted that this effort will require approximately 300-500 additional staff hours annually. The long term solution is to automate benefit estimate data entry and calculations in the Benefit Administration System and build "reasonableness checks" into the calculation process in the new system.

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 8:47 a.m.

Date Approved: _____

Signed: _____

Kimberly Hall, Secretary
Audit Committee