



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

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CORRESPONDENCE MEMORANDUM

DATE: August 31, 2015
TO: Audit Committee Members
FROM: Yikchau Sze, Director
Office of Internal Audit
SUBJECT: Audit Committee Charter

This is an action item that requires Audit Committee approval.

As required by the Charter, the Audit Committee shall review and assess the adequacy of the Charter annually.

The purpose of the review is to determine whether changes to the Charter should be recommended to the ETF Board in December.

I propose one minor modification to the Charter be made at this time. The modification is to establish a clear working relationship between the Audit Committee and the Internal Audit Director.

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

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

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

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed: 9/9/2014

Board	Mtg Date	Item #
AUD	9.24.15	3

**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.

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.

Authority

In consultation with the Secretary and the Internal Audit Director, 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.~~
- 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.

The Committee shall also participate in the selection and evaluation of the Internal Audit Director.

Meetings

The committee shall meet at least two (2) 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.

History

The Board adopted this charter on December 12, 2008. The Board reviewed and approved this charter, with no changes, on September 15, 2011. The Board reviewed and approved this charter with changes on December 5, 2013. The Board reviewed and approved this charter, with no changes, on December 11, 2014.

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