



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

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
  
1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## CORRESPONDENCE MEMORANDUM

**DATE:** November 17, 2015  
**TO:** Audit Committee Members  
**FROM:** Yikchau Sze, Director  
Office of Internal Audit  
**SUBJECT:** 2015-2017 Audit Plan Status

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

The following is a summary of the audit engagements completed or in progress and the status of other OIA activities since September 1, 2015, to the report date of November 20, 2015.

### Audit Engagements – Completed

- Dependent Spouses and Domestic Partners Health Insurance Eligibility Audit – Report and cover memo were distributed to the Committee members electronically on November 4, prior to reporting the audit result to the Group Insurance Board on November 17, 2015. This audit was originally planned for 2013–2015 and extended into the Audit Plan for 2015-2017.

### Audit Engagements – In-Progress

- Wisconsin Retirement System Employer Reporting – Fieldwork is in progress.
- Annuitant Payroll – Fieldwork has been completed; started report writing.
- Full File Compare (File comparing process between ETF's records and health plans' records) - Initial planning.

### Other OIA Activities

- Initiated and continuing to facilitate discussions of a cross-functional team for fraud prevention/detection that includes strengthening the ethics policy, evaluating the feasibility of a fraud hotline and other relevant documents and processes.

Reviewed and approved by Robert J. Conlin, Secretary

Electronically signed 11/27/15

Board	Mtg Date	Item #
AUD	12.10.15	7

- Identified and developed OIA initiatives for the ETF 2015-2019 Strategic Plan.
- Redesigned OIA intranet page and provided contents to the Office of Communications for the development of the webpage.
- Attended following major trainings:
  - **Risk Based Auditing: A Value Add Proposition** – Jackie Van Marter, Rick Onasch, Mary Statz and Yikchau Sze attended the e-learning classes offered by the Institute of Internal Auditors in September.
  - **Audit Reporting Writing** - Jackie Van Marter, Rick Onasch, Mary Statz, and Yikchau Sze attended the e-learning classes offered by the Institute of Internal Auditors in October.
  - **2015 Wisconsin Cybersecurity Summit** – Yikchau Sze attended the conference in Milwaukee in October.
  - **2015 Association of Public Pension Fund Auditors Conference** - Yikchau Sze attended the conference in Hilton Head, SC in November.
- Continued involvement in the Transformation, Integration and Modernization effort with:
  - Risk management monitoring
  - Change management discussion
  - Data Integrity Rollout 1 reconciliation process review
  - Security policy sub-committee discussion
- Tracking open audit issues and reporting status of the open issues to the Audit Committee quarterly through the Open Audit Issue Report.
- Presented audit results of Income Continuation Insurance audit and Health Care Eligibility audit to the Group Insurance Board (November 17, 2015).

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

Attachment: Open Audit Issue Report

**Open Issues Report as of Nov 30 2015  
Office of Internal Audit**

Report Date	Audit	Objective & Scope	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
November 2015	Mobile Computing Device Audit - Part I, Laptops and Tablets	Verify that security over both physical assets and information accessed by the assets are adequate	Establish and document asset management processes	Update and improve IT assets tracking; develop asset tracking policy; Utilize IT Asset Management software provided by STAR	Steven Mueller	March 2016	In Process
			Enhance controls over laptops dedicated for training	Inventory laptops dedicated for training; register loaner mobile devices		Nov 2014	Closed
			Enhance security measure	ETF will leverage DET's security measure after completing ETF's infrastructure re-hosting project at DET in 2016		Dec 2016	Open
January 2015	Mobile Computing Device Audit – Part II, Removable Media Security	Determine whether internal controls are in place and working effectively regarding Laptops, USB drives and smartphones brought into ETF's environment by staff, contractors and vendors	USB Port Functionality	Re-advertise ETF-Issued Computing Device Policy with potential of revisiting the issue after completion of the infrastructure re-hosting project at DET	Steven Mueller	Dec 2016	In Process
			Compliance with Non-ETF Issued Personal Computing Device Policy	Train a second technician on the process; review and update procedure's		April 2014	Closed
August 2015	Income Continuation Insurance (ICI) Enrollment and Premium Reporting	Evaluate the accuracy of 2014 ICI Enrollment and Premium Reporting processes to include ensuring enrollment eligibility requirements are met, applications are complete, Aetna (TPA) processes enrollment accurately and timely.	To be followed up by the Division of Retirement Services:  - Enhance Third Party Administrator (TPA) management  - Initiate external monitoring by having Wipfli include the enrollment process as part of its engagement  - Implement a monitoring procedure for evidence of insurability (EOI) applications to ensure timely follow up  - Apply the same rules for determining the coverage effective date across all enrollment opportunities.  - Provide additional employer training and update our ICI employer administration manuals  - Improve communication between the Disability Program Section (DPS) and Employer Services Section (ESS)  - Establish an enrollment database	See Action Plan in the report	Deb Roemer and Rory McGarry	March 2017	               Initial draft  In Process

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Report Date	Audit	Objective & Scope	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
			<p>To be followed-up by Division of Trust Finance:</p> <ul style="list-style-type: none"> <li>- Add an adjustment column to the Monthly Premium Report</li> <li>- Foot and cross-foot the Monthly Premium Reports</li> <li>- Begin plans for the foundation of the BAS database needed by 1/1/17</li> <li>- Calculate all premiums, employee and employer, uniformly (will happen when ETF begins invoicing employers with roll-out 2 of the BAS project planned for 1/1/17)</li> </ul>	See Action Plan in the report	Bob Willett		<p>TBD</p> <p>Closed</p> <p>Open</p> <p>Open</p>