



State of Wisconsin
Department of Employee Trust Funds
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Correspondence Memorandum

Date: February 29, 2016
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 Office of Internal Audit (OIA) activities since December 11, 2015 to the report date of February 29, 2016.

Audit Engagements – Completed

- Annuitant's Payroll
- Wisconsin Retirement System Employer Reporting

Audit Engagements – In-Progress

- Tax Reporting and Tax Payment – Initial planning
- Retirement Benefit (Pension Benefit) – Fieldwork is in progress
- Full File Compare (A process comparing health insurance enrollment data between ETF's records and health plans' records) - Fieldwork is in progress

Other OIA Activities

- Initiated and facilitating discussions of a cross-functional team for fraud prevention/detection that includes strengthening the ethics policy, evaluating vendors' proposals and drafting decision paper for senior management approval

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed: 3/10/2016

Board	Mtg Date	Item #
AUD	3.24.16	6

- Establishing Quality Assurance and Improvement program to comply with the International Standards for Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors
- Confirmed the timing and updating detailed audit plan for the security audits of Business Administration System
- Provided advisory services in the following areas:
 - Wipfli TASC contract extension
 - Actuarial contracts performance review
 - Full File Compare process
- Continued involvement in the Transformation, Integration and Modernization effort with
 - Risk management monitoring
 - Change management discussion
 - Security policy sub-committee discussion
- Tracking open audit issues and report status of the open issues to the Audit Committee quarterly through Open Audit Issue Report (see attached)
- Attended following major trainings:
 - The Psychology of Governance, Risk and Compliance: Jackie Van Marter, Rick Onasch, Mary Statz, and Yikchau Sze attended the 2 CPE credit training offered by the Institute of Internal Auditors Madison Chapter in February
 - Detecting Fraud in Claims Investigations – Rick Onasch attended the seminar offered by the Association of Certified Fraud Examiners in Milwaukee in January

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

Attachment: Open Issues Report as of February 29, 2016

Open Issues Report as of February 29 2016
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	Closed
			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:	See Action Plan in the report	Deb Roemer and Kathy Wienkes		
			- Enhance Third Party Administrator (TPA) management			March 2017	In Process
			- Initiate external monitoring by having Wipfli include the enrollment process as part of its engagement			Feb 2016	Closed
			- Implement a monitoring procedure for evidence of insurability (EOI) applications to ensure timely follow up			To Be Determined	Open
			- Apply the same rules for determining the coverage effective date across all enrollment opportunities.			To Be Determined	Open
			- Provide additional employer training and update our ICI employer administration manuals			Manuals: Local Sept 2015 State Dec 2015	Closed
			- Improve communication between the Disability Program Section (DPS) and Employer Services Section (ESS)			Ongoing	In Process
- Establish an enrollment database		Jan 2018	In Process				

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			<p>To be followed-up by Division of Trust Finance:</p> <ul style="list-style-type: none"> - Add an adjustment column to the Monthly Premium Report - Foot and cross-foot the Monthly Premium Reports - Begin plans for the foundation of the BAS database needed by 1/1/18 - Calculate all premiums, employee and employer, uniformly (will happen when ETF begins invoicing employers with roll-out 2 of the BAS project planned for 1/1/18) 	See Action Plan in the report	Bob Willett	<p>May 2016</p> <p>September 2016</p> <p>Jan 2018</p> <p>Jan 2018</p>	<p>In process</p> <p>Closed</p> <p>In process</p> <p>Open</p>
September, 2015	Health Insurance Eligibility - Dependent Spouses & Domestic Partners	Determine timely termination of health care coverage of the spouse or domestic partner after a divorce or termination of domestic partnership. Determine if COBRA notification is sent timely.	ETF proactively identify divorced health care participants by enhancing internal communications when a form is received that may indicate divorce or termination of a domestic partnership (DP) information	<p>Division of the Retirement Service has taken the following actions (pls ref to the report for the original responses):</p> <p>1. Added a component to its Domestic Relations Order procedure to have Member Services Bureau staff send a job to the Employer Services Section after they review WRS-related divorce documents to make sure the changes are made to the health insurance coverage also. 2. DRS added content to ET-4928, the form that ETF sends to acknowledge the receipt of a Domestic Relations Order, stating that it is the member's responsibility after divorce or a termination of a DP to notify their employer so their former spouse or domestic partner can be removed from their insurance coverage</p> <p>Inquired about the feasibility of using queries from the Wisconsin Circuit Courts Access (WCCA) System for data cross checking and concluded that the use of WCCA does not appear to be practical.</p>	Kathy Wienkes - ESS	Oct, 2017	Closed

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			ETF improve communication, education, and increase awareness of compliance requirements	<p>The Employer Services Section (ESS) will ensure this topic is included in the 2017 IYC open enrollment period materials.</p> <p>Additionally, ESS will work on getting this topic highlighted in all future communications on the ETF website. This will include revisions to both the state and local health insurance employer administration manuals.</p> <p>the Office of Strategic Health Policy (OSHP) and ESS plan to work with DOA for potential work rule mandate of timely coverage removal upon divorce or there qualifying event. OSHP also plans on reviewing and potentially modifying both the state and local health insurance contracts with health providers to provide that timely notice of qualifying event must be given to the employers.</p>	<p>Kathy Wienkes - ESS</p> <p>Lisa Ellinger - OSHP</p>	Nov, 2017	<p>Open</p> <p>Local manual Closed State manual in process</p> <p>Open</p>
			ETF enhance communication and provide clear instructions to employers to improve COBRA compliance	<p>ESS is currently providing training through webinars on COBRA compliance to employers. However, ESS plans to cover this topic in greater detail in the "Health Insurance Eligibility" and "MyETF Benefits" employer webinars. ESS plans to continue these employer webinars year round. In addition, ESS plans to update both the state and local employer health insurance manuals in order to cover the employer requirements on this topic in greater detail.</p>	Kathy Wienkes - ESS	<p>Jan, 2016</p> <p>May, 2016</p>	<p>Local manual Closed State manual in process</p>

* As reported by management.