

DRAFT

MINUTES

March 24, 2016

Audit Committee
Employee Trust Funds Board
State of Wisconsin



Location:
State Revenue Building – Conference Room 244
2135 Rimrock Road, Madison, WI

COMMITTEE MEMBERS PRESENT:

William Ford, Chair
Victor Shier, Vice Chair
Leilani Paul, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary:
John Voelker, Deputy Secretary
Office of Internal Audit (OIA):
Yikchau Sze, Director;
Rick Onasch, Auditor-Advanced;
Mary Statz, Auditor-Advanced;
Jackie Van Marter, Auditor-Advanced
Division of Retirement Services:
Matt Stohr, Administrator
Division of Trust Finance:
Bob Willett, Chief Trust Finance Officer
Stefanie Pauls, Director of Financial Compliance

OTHERS PRESENT:

Legislative Audit Bureau:
Lisa Kasel, Audit Supervisor
Carolyn Stittleburg, Audit Director
General Public:
Sharon Hutchinson

Mr. Ford called the Audit Committee (Committee) to order at 8:00 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

Mr. Shier moved to accept the minutes of the December 10, 2015 Committee meeting, as submitted by the Board Liaison. Ms. Paul seconded the motion, which was passed on a voice vote.

ANNOUNCEMENTS

Ms. Sze announced that Mary Statz resigned effective March 30, 2016.

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AUD	6.23.16	1

ELECTION OF OFFICERS:

Motion: Mr. Shier nominated Mr. Ford as Chair, Mr. Shier as Vice-Chair and Ms. Paul as Secretary. Ms. Paul seconded the motion, which passed without objection on a voice vote.

2014 LEGISLATIVE AUDIT BUREAU REPORTS:

Comprehensive Annual Financial Report (CAFR), WRS Financial Statements Report, and WRS Employer Reporting (GASB)

Ms. Stittleburg provided an overview of the functions and responsibilities of the Legislative Audit Bureau (LAB). Ms. Kasel reviewed the audit process and concluded that LAB issued unmodified opinions on the financial statements and related notes of the three audits.

Mr. Shier asked questions about the significant deficiencies raised by LAB in its 2013 and 2014 reports on *Internal Control over Financial Reporting, Compliance and Other Matters*. Ms. Stittleburg commented on the classifications of internal control deficiencies and highlighted a number of factors that were identified as contributing factors to the deficiencies. Mr. Voelker commented that ETF has taken a number of steps to improve the process for preparing financial statements, including hiring an independent consultant to analyze internal controls for improvement. Ms. Pauls affirmed the consultant's work was complete and some recommendations have already been implemented.

INTERNAL AUDIT REPORT:

WRS Employer Reporting

Ms. Statz reported the audit results to the Committee. This audit concluded that the census data elements reported by WRS employers for eligible employees are free from material misstatement. Although there were no significant findings, the audit identified several process improvement opportunities that management agreed to implement.

Annuitant's Payroll

Mr. Onasch provided an overview of the annuitant's payroll process to the Committee. Mr. Onasch stated the purpose of the audit and concluded that the annuitant's payroll is processed and reconciled in a timely manner for accuracy and completeness, and the controls are functioning as designed.

2015-2017 AUDIT PLAN STATUS

Ms. Sze provided status of audit projects and reported other non-audit activities as presented in the Audit Plan Status memo covering the reporting period from December 11, 2015 to February 29, 2016. Ms. Sze provided an update on open audit issues. Management has already implemented the corrective actions within the agreed

upon schedules or is on track to complete the corrective actions by the committed completion date.

ADJOURNMENT

Ms. Paul moved to adjourn the meeting. Mr. Shier seconded the motion, which passed unanimously on a voice vote.

The Committee adjourned at 8:56 a.m.

Date Approved: _____

Signed: _____

Leilani Paul, Secretary
Audit Committee