

DRAFT

MINUTES

December 15, 2016

Audit Committee
Employee Trust Funds Board
State of Wisconsin



Location:

State Revenue Building – Conference Room– DOR 1N-04
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 Secretary:

Robert Conlin, Secretary

Office of Internal Audit (OIA):

Yikchau Sze, Director;
Rick Onasch, Auditor-Advanced;
Amelia Slaney, Auditor-Advanced

Division of Retirement Services

Matt Stohr, Administrator

Office of Strategic Health Policy

Eileen Mallow, Deputy Director

Division of Trust Finance (DTF)

Cindy Klimke-Armatoski,
Administrator

OTHERS PRESENT:

Legislative Audit Bureau:

Lisa Kasel, Audit Supervisor

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 September 29, 2016 Committee meeting, as submitted by the Board Liaison. Ms. Paul seconded the motion, which was passed on a voice vote.

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ANNOUNCEMENTS

Ms. Sze announced that the process for the hiring of a new auditor is in the final stages. The Office of Internal Audit will be fully staffed going into 2017.

ANNUAL INDEPENDENCE AFFIRMATION

Ms. Sze stated the Annual Independence Affirmation of Auditors has been completed to comply with Internal Audit Standards.

OFFICE OF STRATEGIC HEALTH POLICY REPORT: Third Party Audit of WPS Health Insurance:

Ms. Mallow provided a summary and an overview of the Third Party Audit (TPA) of Wisconsin Physicians Service (WPS). WPS administers the self-insured health plans for the State of Wisconsin employees, annuitants and eligible dependents.

Claim Technologies Incorporated (CTI) conducted the audit of the self-insured plans administered by WPS for ETF for the period from August 1, 2013 to December 31, 2015. There were a number of findings and areas for improvement as a result of the audit. There have been a series of meetings between ETF and WPS to address the findings of the audit. The contract with WPS ends December 31, 2017 and there will not be a renewal.

INTERNAL AUDIT REPORTS: Office of Foreign Assets Control (OFAC) Compliance:

Ms. Sze provided the highlights and an overview of the OFAC Compliance Audit. The audit was requested by DTF to provide reasonable assurance the internal controls established were effective in monitoring OFAC compliance.

Overall, the audit found that ETF was in compliance with OFAC and controls established by DTF related to OFAC compliance verification were functioning as designed for the month audited. The audit identified two findings and offered two observations of process improvement for management to consider. Ms. Slaney, who conducted the audit, discussed each finding and observation in detail.

Mr. Shier expressed concern with the assurance the audit provided as the focus of ETF's OFAC compliance procedures was on foreign annuitants. Mr. Shier inquired about other compliance matters. After some discussion, it was agreed that OIA will respond to Mr. Shier's remark about the audit assurance and the inquiry of other compliance matters at the Audit Committee meeting in March.

2015-2017 AUDIT PLAN STATUS, INCLUDING OPEN ISSUES REPORT

Ms. Sze provided a status of audit engagements and reported other non-audit OIA activities as presented in the Audit Plan Status memo covering the reporting period from September 2, 2016 to November 17, 2016.

FUTURE ITEMS FOR DISCUSSION

Ms. Sze stated that Audit Committee members will be contacted in early 2017 as part of the risk assessment process for the new Audit Plan.

ADJOURNMENT

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

The Committee adjourned at 8:50 a.m.

Date Approved: _____

Signed: _____

Leilani Paul, Secretary
Audit Committee