

DRAFT

MINUTES

June 22, 2017

Audit Committee
Employee Trust Funds Board
State of Wisconsin



Location:
State Revenue Building – Room 1N-04
2135 Rimrock Road, Madison, WI

COMMITTEE MEMBERS PRESENT:

William Ford, Chair
Leilani Paul, Secretary

COMMITTEE MEMBERS NOT PRESENT:

Victor Shier, Vice Chair

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary: Bob Conlin, Secretary	Bureau of Information Security Management:
Division of Trust Finance: Cindy Klimke-Armatoski, Chief Trust Finance Officer	Trae Matte, Chief Information Security Officer
Division of Retirement Services: Matt Stohr, Administrator	Office of Internal Audit (OIA): Yikchau Sze, Director;
Bureau of Information Technology Services: Steve Mueller, Chief Information Officer	Rick Onasch, Auditor-Advanced; Amelia Slaney, Auditor-Advanced; Michelle Hoehne, Auditor-Advanced

OTHERS PRESENT:

Legislative Audit Bureau (LAB):
Lisa Kasel, Audit Supervisor
Emily Pape, Audit Supervisor

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

Board	Mtg Date	Item #
AUD	9.21.17	1

CONSIDERATION OF MINUTES OF PREVIOUS MEETING:

Mr. Ford moved to accept the minutes of the March 23, 2017 Committee meeting, as submitted by the Board Liaison. Ms. Paul seconded the motion, which was passed on a voice vote.

PENETRATION TESTING, VULNERABILITY SCAN AND USER AUTHORIZATION ASSESSMENT OF THE BENEFITS ADMINISTRATION SYSTEM:

Mr. Ford moved to convene in closed session pursuant to the exemption contained in Wis. Stats. § 19.85 (1) (d) to consider strategy for crime detection or prevention. Ms. Paul seconded the motion, which was passed on the following roll call vote:

Members Voting Aye: William Ford and Leilani Paul

Members Absent: Victor Shier

The Committee requested the following staff to remain for closed session: Steve Mueller, Trae Matte, Yikchau Sze, Bob Conlin

The Committee convened in closed session at 8:02 a.m. and reconvened in open session at 8:35 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Ford announced the Committee met in closed session to discuss an IT Security Audit. Because of the sensitive nature of the details of the audit, the Committee met in closed session.

LEGISLATIVE AUDIT BUREAU REPORTS:

Report 17-7, ETF Calendar Year 2015:

Ms. Kasel explained that Report 17-7 was issued in April, after ETF provided final financial statements to the Legislative Audit Bureau in March. Included in the report are the WRS findings, as discussed in the most recent audit committee meeting and two management recommendations: 1) regarding ETF's monitoring of third party administrators 2) regarding the funding level of the State Income Continuation Insurance (ICI) Program.

Ms. Pape explained the funding status of the State ICI program which include both current and long term liabilities.

Mr. Stohr highlighted that the Group Insurance Board previously approved premium increases of 20% each year for five years in order to address the funding concerns. Mr. Conlin also discussed some of the program changes being considered to help address the funding shortfall. Mr. Conlin noted that more information on ICI's potential program redesign would be provided at the Joint Meeting of the Boards.

INTERNAL AUDIT PLAN FOR BIENNIAL PERIOD FY2018 AND FY2019:

Ms. Sze provided an overview of the draft Audit Plan, which includes 23 projects planned based on current staffing and budgeted hours. Ms. Sze noted that the Audit Plan can change throughout the biennium based on changes in risk or audit areas becoming irrelevant, but significant changes would be communicated to the Committee in the quarterly meetings. Ms. Paul and Mr. Ford expressed appreciation of the improvements made to the Audit Plan.

Ms. Paul moved to accept the Audit Plan for Fiscal Years 2018-2019 as presented. Mr. Ford seconded the motion, which passed unanimously on a voice vote.

FY2016-2017 AUDIT PLAN OVERVIEW INCLUDING OPEN ISSUES REPORT:

Ms. Sze noted that OIA completed 94% of the projects included in the FY 2016-2017 Audit Plan. Ms. Sze highlighted that projects were reassessed and reprioritized due to staffing changes, the implementation of a quality assessment, and the enhancement of a supervisory review of all audits. Ms. Sze added that three additional projects not included in the Audit Plan were completed in response to business area requests for an independent review. Ms. Sze provided an overview of outstanding audits and audits removed from the plan.

Mr. Conlin noted that the OIA is becoming more valued by all parts of ETF. Because of OIA's progress, three more audits than the previous biennial audit plan were completed.

ADJOURNMENT:

Ms. Paul moved to adjourn the meeting. Mr. Ford 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