

DRAFT

MINUTES

September 21, 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
Victor Shier, Vice Chair
Leilani Paul, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary:

Bob Conlin, Secretary

Office of Strategic Health Policy:

Eileen Mallow, Deputy Director

Jeff Bogardus, Pharmacy Benefit
Programs Manager

Jessica Rossner, Program Manager

Sara Brockman, Health Policy Advisor

Division of Retirement Services:

Anne Boudreau, Deputy Administrator

Office of Internal Audit (OIA):

Yikchau Sze, Director;

Rick Onasch, Auditor-Advanced;

Amelia Slaney, Auditor-Advanced;

Michelle Hoehne, Auditor-Advanced

OTHERS PRESENT:

Legislative Audit Bureau (LAB):

Garrett Gardner, Auditor

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

CONSIDERATION OF MINUTES OF PREVIOUS MEETING:

Ms. Paul moved to accept the minutes of the June 22, 2017 Committee meeting, as submitted by the Board Liaison. Mr. Shier seconded the motion, which was passed on a voice vote.

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THIRD PARTY ADMINISTRATOR AUDITS:

Pharmacy Benefit Manager:

Mr. Bogardus discussed the audit performed by TRICAST to assess compliance by Navitus, the third party administrator of the pharmacy benefit program, with the pharmacy benefit management administrative services agreement. This audit was previously presented to the Group Insurance Board. Mr. Bogardus provided an overview of the audit findings, which resulted in TRICAST considering this a passing audit. Mr. Ford discussed the possibility of broadening the scope of the pharmacy contract performance and compliance testing in future audits. Mr. Bogardus indicated that this would be considered in future contract negotiations or future audit procurements.

Total Administrative Service Corporation (TASC):

Ms. Sze provided an explanation of the audit work performed at TASC, which was co-sourced between Wipfli and OIA. Ms. Slaney discussed the Audit Executive Summary document, summarizing the findings of both Wipfli's and OIA's detailed audit reports. Ms. Slaney also provided recently received revised audit recommendation responses from TASC. The Committee expressed concern about TASC and the findings reported from the audit because TASC's initial responses did not completely address the audit recommendations. Ms. Mallow discussed ETF's ongoing discussions with TASC to ensure these and other performance issues are being adequately addressed.

REVIEW AND APPROVE AUDIT COMMITTEE CHARTER:

Ms. Sze explained proposed changes to the Audit Committee Charter, as presented in the provided memo. The Audit Committee Charter will be presented to the ETF Board for approval at the December meeting.

Ms. Paul moved to accept the Audit Committee Charter changes as presented. Mr. Shier seconded the motion, which passed unanimously on a voice vote.

REVIEW INTERNAL AUDIT CHARTER:

Ms. Sze explained proposed changes to the Internal Audit Charter, as presented in the provided memo, for review and discussion. An approval of the proposed changes will be requested at the December Committee meeting.

INTERNAL AUDIT REPORT – DEATH BENEFITS AND DISTRIBUTION:

Mr. Onasch provided an overview of the Death Benefits audit, stating that no findings were identified. Mr. Shier asked about ETF's ability to recover overpayments to members and beneficiaries resulting from delayed death notifications. Mr. Onasch

indicated that ETF had been able to recover overpayments in a timely manner. Ms. Boudreau discussed current data methods used for death identification to mitigate potential issues with delayed death notifications.

FY2017-2019 AUDIT PLAN STATUS, INCLUDING OPEN ISSUES REPORT:

Ms. Sze provided the status of audit projects and reported other OIA activities as presented in the Audit Plan Status memo covering the reporting period from May 17, 2017 to August 4, 2017. Ms. Sze also provided an update on open audit issues.

ADJOURNMENT:

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

The Committee adjourned at 8:45 a.m.

Date Approved: _____

Signed: _____

Leilani Paul, Secretary
Audit Committee