

DRAFT

MINUTES

March 29, 2018

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 Secretary:

John Voelker, Deputy Secretary

Office of Strategic Health Policy:

Eileen Mallow, Deputy Director

Office of Policy, Privacy and
Compliance:

Mary Alice McGreevy, Program and
Policy Analyst – Advanced

Office of Internal Audit (OIA):

Yikchau Sze, Director

Michelle Hoehne, Auditor-
Advanced

OTHERS PRESENT:

Legislative Audit Bureau:

Emily Pape, Audit Supervisor

Mr. Ford called the Audit Committee (Committee) to order at 8:30 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING:

Ms. Paul moved to accept the minutes of the December 14, 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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ANNOUNCEMENTS:

Ms. Sze announced that a new auditor has been hired and will join the Office of Internal Audit (OIA) on April 2, 2018.

ELECTION OF OFFICERS:

Mr. Ford proposed each committee member retain their current position; all of the Committee members agreed.

Ms. Paul made a motion to accept the election of officers, and Mr. Shier seconded the motion, which passed on a voice vote.

THIRD PARTY ADMINISTRATOR CONTRACT COMPLIANCE AUDIT: WISCONSIN PHYSICIANS SERVICE (WPS) INSURANCE CORPORATION:

Ms. Mallow discussed the audit performed by Claim Technologies Incorporated (CTI) to assess contract compliance by WPS, for the self-insured health plans for January 1, 2016 through June 30, 2017. Ms. Mallow indicated that this annual audit was completed early in order to determine potential contract cost recoveries before the contract with WPS ended on December 31, 2017. She also indicated that identified concerns with WPS and disagreements between CTI and WPS in the audit findings would be used to improve upon terms in future vendor contracts. Ms. Mallow answered questions from the Committee members pertaining to the potential cost recovery amount and the reasons as to why the contract was ending.

INTERNAL AUDIT – HIPAA (HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT) PRIVACY AND BREACH NOTIFICATION COMPLIANCE:

Ms. Sze provided an overview of the audit scope, audit procedures, HIPAA rules, and audit findings and observations. Ms. Sze indicated that the audit concluded that ETF was compliant with the material provisions of the HIPAA Privacy and Breach Notification rules, but two findings representing higher risk for ETF and three observations to improve future performance were identified as part of the audit. Committee members asked questions related to the findings and observations and the cost versus benefit assessment taken in developing audit findings. Ms. Sze, Ms. McGreevy, and Mr. Voelker described the discussions between OIA and management when developing these findings and the overall risk assessment and cost benefit approach taken by OIA in developing recommendations.

DISCUSSION OF CONSOLIDATED RFP FOR CONTRACT COMPLIANCE AUDITS:

Ms. Sze discussed the Procurement of Contract Compliance Audit Services memo that would be provided and discussed at the ETF Board (Board) meeting. Ms. Sze indicated the purpose of the RFP as well as OIA's involvement in the contract process and auditor performance assessment. A discussion followed about audit costs versus potential contract cost recovery from findings, as well as how the Board would be notified of the results of the contract process if it voted to delegate authority to the ETF Secretary to solicit proposals and contract for the compliance audits. Ms. Sze and Mr. Voelker discussed the importance of, benefits provided by, and risk assessment consideration for having these compliance audits completed.

FY 2018-2019 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 November 18, 2017 to March 2, 2018. Ms. Sze also provided an update on open audit issues and briefly explained the difference between the open audit issues presented in the memo and what will be included in the ETF Operational Metrics that will be presented at the Board meeting.

ADJOURNMENT

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

The Committee adjourned at 9:14 a.m.

Date Approved: _____

Signed: _____
Leilani Paul, Secretary
Audit Committee