

DRAFT

# MINUTES

## September 20, 2018

### Audit Committee

Employee Trust Funds Board  
State of Wisconsin



### Location:

State Hill Farms Building – Room N112  
4822 Madison Yards Way, Madison, WI 53705

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### COMMITTEE MEMBERS PRESENT:

William Ford, Chair  
Victor Shier, Vice Chair

Leilani Paul, Secretary

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### PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of Secretary:

Bob Conlin, Secretary

Division of Trust Finance

Cindy Klimke-Armatoski, Chief Trust  
Finance Officer

Office of Strategic Health Policy  
(OSHP):

Jeff Bogardus, Employee Benefit Plan  
Policy Advisor  
Tricia Sieg, Employee Benefit Plan  
Policy Advisor

Office of Internal Audit (OIA):

Yikchau Sze, Director  
Michelle Hoehne, Auditor-Advanced  
Rick Onasch, Auditor-Advanced  
Mona Yee, Auditor-Advanced

Division of Retirement Services:

Anne Boudreau, Deputy Administrator  
Jim Guidry, Benefit Services Director

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Mr. Ford called the Audit Committee (Committee) to order at 8:03 a.m.

### CONSIDERATION OF MINUTES OF PREVIOUS MEETING:

***Mr. Shier moved to accept the minutes of the June 21, 2018 Committee meeting, as submitted by the Board Liaison. Ms. Paul seconded the motion, which was passed on a voice vote.***

Board	Mtg Date	Item #
AUD	12.13.18	1

**PHARMACY BENEFIT MANAGER CONTRACT COMPLIANCE AUDIT - NAVITUS:**

Mr. Bogardus discussed the audit performed by TRICAST to assess the contract compliance by Navitus, for pharmacy benefit management services for the plan years 2016 and 2017. TRICAST's Executive Summary concludes that the programs are being administered by Navitus in accordance with the plan designs and considers this a passing audit. Mr. Bogardus introduced Tricia Sieg, an ETF Employee Benefit Plan Policy Advisor, who will assist with management of the pharmacy benefit program. Mr. Bogardus also discussed audit scope for the next plan year audit. Mr. Conlin noted that TRICAST was recently acquired by Pillar Rx.

**INCOME CONTINUATION INSURANCE (ICI) CONTRACT COMPLIANCE AUDIT - AETNA:**

Mr. Guidry discussed the audit performed by Wipfli to assess contract compliance by Aetna for the ICI program for calendar years 2015, 2016 and 2017. Wipfli's audit also reviewed Aetna's current work from home policy and overpayments/underpayments procedures for control gaps or risks. Wipfli identified missing documentation in claims processing and discrepancies in periodic reporting. Wipfli also identified potential risks as a result of its policy and procedure review. ETF is working with Aetna, which was recently acquired by The Hartford, to address those audit findings. Mr. Guidry answered questions regarding the overpayments and underpayments referenced in the report.

**INTERNAL AUDIT – NON-RETIREMENT PROGRAM PAYMENTS AUDIT:**

Ms. Hoehne provided an overview of the audit objective, scope, results and recommendations of the Non-Retirement Program Payments Audit which was completed as part of the cash audit included in the 2017-2019 Audit Plan. There was one finding regarding payment types with certain vendors, recommending further substantiation of invoiced amounts, plus additional communication and collaboration between Division of Trust Finance (DTF) and program managers. The Management Response had a completion date of December 31, 2018 and Mr. Ford requested OIA to bring more information on management's plans to address this finding back to the Committee at a future meeting.

**REVIEW AND APPROVE AUDIT COMMITTEE CHARTER:**

Ms. Sze indicated the Committee is required to review the Audit Committee Charter annually. There are some significant proposed updates for the charter, including suggestions from the quality assessment team of the Institute of Internal Auditors, and clarification and more defined scope of the Committee's responsibilities. Ms. Sze mentioned that ETF has an initiative in the Biennial Budget to ensure OIA's functional

independence. Ms. Sze and Mr. Conlin answered questions related to the budget initiative.

#### **ADOPT CHANGES TO THE AUDIT COMMITTEE CHARTER**

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

#### **FY 2018-2019 AUDIT PLAN STATUS:**

Ms. Sze provided the status of audit projects and reported other OIA activities as presented in the Audit Plan Status memo for the reporting period of May 26, 2018 to August 24, 2018. Ms. Sze also indicated there were no incidents reported on the fraud hotline for this reporting time.

#### **FUTURE ITEMS FOR DISCUSSION:**

There were no future items noted for discussion. Mr. Ford and the Committee thanked Mr. Shier for serving as a member on the Committee because this was Mr. Shier's last meeting.

#### **ADJOURNMENT**

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

The Committee adjourned at 8:58 a.m.

Date Approved: \_\_\_\_\_

Signed: \_\_\_\_\_

Leilani Paul, Secretary  
Audit Committee