

DRAFT

MINUTES

December 13, 2018

Audit Committee

Employee Trust Funds Board
State of Wisconsin



Location:

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

COMMITTEE MEMBERS PRESENT:

William Ford, Chair
Leilani Paul, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of Secretary:

Bob Conlin, Secretary

Division of Retirement Services:

Anne Boudreau, Deputy Administrator

Division of Trust Finance (DTF):

Cindy Klimke-Armatoski, Chief Trust
Finance Officer

Dave Ehlinger, Financial Compliance
Bureau Director

Office of Internal Audit (OIA):

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

Division of Management Services:

Steve Mueller, Administrator

OTHERS PRESENT:

Legislative Audit Bureau (LAB):

Lisa Kasel, Assistant Audit Director
Emily Pape, Audit Supervisor
Stephanie Yost, Audit Supervisor

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

Board	Mtg Date	Item #
AUD	3.21.19	1

CONSIDERATION OF MINUTES OF PREVIOUS MEETING:

Mr. Ford moved to accept the minutes of the September 20, 2018 Committee meeting, as submitted by the Board Liaison. Ms. Paul seconded the motion, which was passed on a voice vote.

2017 ANNUAL FINANCIAL REPORTS:

Ms. Klimke-Armatoski discussed the 2017 financial reports, including the Comprehensive Annual Financial Report (CAFR) and employer reporting for the Wisconsin Retirement System (WRS), State Retiree Life Insurance and Local Retiree Life Insurance. Ms. Kasel and Ms. Pape provided an overview of the associated LAB audit reports. The discussion included reporting changes necessitated by new Governmental Accounting Standards Board (GASB) standards and one internal control deficiency related to Wisconsin Employee Benefit System (WEBS) security. Mr. Mueller discussed actions that were and will be taken by ETF to resolve the WEBS security concerns noted in the audit.

INTERNAL AUDIT – WRS ANNUITY ESTIMATE ADVISORY SERVICE REVIEW:

Ms. Yee provided an overview of the review purpose, results and recommendations for the WRS Annuity Estimate Advisory Service Review. The review evaluated the WRS annuity estimate process for accuracy compared to the final annuity calculations. OIA did not require a formal management response to the recommendations provided in the review; however, Ms. Boudreau discussed resulting action plans intended by management.

ANNUAL REVIEW OF INTERNAL AUDIT CHARTER:

Ms. Sze proposed changes to be made to the Charter during the September 2018 meeting, to incorporate suggestions made by the external quality assessment team of the Institute of Internal Auditors.

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

ANNUAL INDEPENDENCE AFFIRMATION AND DISCLOSURES:

Ms. Sze stated that the Annual Independence Affirmation of Auditors is complete and complies with Internal Audit Standards. Additionally, Ms. Sze provided an update on the progress made to address issues raised by the external quality assessment review.

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 covering the reporting period from August 25, 2018, to November 18, 2018. Ms. Sze also indicated there have been two incidents reported on the fraud hotline; both were promptly investigated and deemed unsubstantiated.

ADJOURNMENT

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