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Correspondence Memorandum

Date: May 24, 2019
To: Audit Committee
From: Yikchau Sze, Director
Office of Internal Audit (OIA)
Subject: Procurement of Information Technology (IT) Internal Audit Services

OIA recommends the Audit Committee of the ETF Board delegate its authority to the Director of OIA to solicit proposals for and contract with qualified firms to perform IT internal audits, including the authority of contract amendments.

The OIA retained an IT consulting firm to perform a comprehensive risk assessment on ETF's IT environment and to develop a risk-based IT biennial audit plan for fiscal year 2020 through fiscal year 2021, and a long-term strategic IT audit plan for fiscal year 2022 and beyond.

Upon approval of this audit plan by the Audit Committee, the OIA plans to issue an RFP for all the engagements included in the IT audit plan in July 2019. The proposals submitted by all interested vendors will be evaluated by a committee of subject matter experts. Contract will be awarded to the vendor that provides the best value for the services.

Under Wis. Stat. § 40.03(1)(L), the ETF Board “[m]ay delegate powers and duties as deemed necessary or desirable.” The ETF Board has approved the Audit Committee Charter which allows the Committee to further “delegate to the Internal Audit Director the authority to do, within the scope of the approved audit plan, the following:

- hire external auditors/consultants whenever it is determined a specialist is needed to review particular areas of ETF, to augment the resources available within the OIA or for any other practical purpose;
- approve the scope of services to be performed by the external auditors/consultants; and
- exercise final approval on the appointment, retention or discharge of the external audit/consulting firm based on assessment of work performed.”

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OIA anticipates a multi-year contract will be structured in such a way that ensures the audit plan provides appropriate coverage and reflects the key IT risks ETF faces. Therefore, the contract will include activities currently not defined in the approved IT internal audit plan, such as annual risk assessment updates and any subsequent adjustments to the plan in response to the changes of ETF's IT risk profile. We will keep the Committee updated on the procurement process. Engagement results will be presented to the Audit Committee for its oversight.

Staff will be available at the Committee meeting for questions.