

DRAFT

MINUTES

September 16, 2020

Audit Committee

Employee Trust Funds Board
State of Wisconsin



Location:

Department of Employee Trust Funds
This meeting was held via teleconference.

COMMITTEE MEMBERS PRESENT:

William Ford, Chair
Leilani Paul, Vice Chair
Michael Langyel, Secretary

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of Secretary:

Bob Conlin, Secretary

Bureau of Information Technology

Services: Dan McCarthy, Chief
Information Officer

Office of Internal Audit (OIA):

Yikchau Sze, Director
Michelle Hoehne, Auditor-Advanced
Kim Richmond, Auditor-Advanced
Amanda Williams, Auditor-Advanced

Division of Trust Finance:

Ramona Yee, Deputy Administrator

Bureau of Budget, Contract

Administration, and Procurement
(BCAP): Timothy Steiner, Budget &
Policy Manager

Employer & Contact Services Bureau:

Alene Kleczek-Bolin, Deputy Director

Office of Strategic Health Policy:

Xiong Vang, HSA & ERA Accounts
Program Manager

OTHERS PRESENT:

ETF Division of Management Services:

Patrick Hughes, Kadi Mbanefo

ETF Office of the Secretary:

Cherylynn Wilkins, Kathryn Young

ETF Division of Retirement Services:

Anne Boudreau

JANUS Associates, Inc.: Patricia Fisher,
Adam Fisher

Legislative Audit Bureau: Sherry Haakenson

Board	Mtg Date	Item #
AUD	12.09.20	2

Mr. Ford called the Audit Committee (Committee) to order at 9:15 a.m.

CONSIDERATION OF MINUTES OF PREVIOUS MEETING:

MOTION: Mr. Langyel moved to accept the minutes of the June 17, 2020 Committee meeting, as submitted by the Board Liaison. Ms. Paul seconded the motion, which was passed on a voice vote.

COMMITTEE CHARTER REVIEW:

Ms. Sze proposed no changes to the Audit Committee Charter.

MOTION: Ms. Paul moved to approve the Audit Committee Charter as presented and recommended no changes to the ETF Board for approval. Mr. Langyel seconded the motion, which passed on a voice vote.

INTERNAL AUDIT RESULTS

Member Account Adjustment (MAA) Audit:

Ms. Williams (Ref. AUD | 9.16.20 | 4A) provided an overview of the MAA Audit. The audit reviewed the late reported earnings adjustments made by Wisconsin Retirement System (WRS) employers through an account update application. It also included and manual member account adjustments made by ETF's Employer Services Section (ESS) staff on behalf of employers. This was done to ensure adjustments were accurate and supported by appropriate documentation. The scope of the audit included all adjustments for the years 2018 and 2019.

The OIA recommended that ESS develop procedures to either prevent or detect possible errors in late reported earnings adjustments submitted by employers. They also recommended working with employers to identify the reasons for adjustments and to request documentation.

Ms. Kleczek-Bolin, Deputy Director of Employer and Contact Services Bureau of the Division of Retirement Services, discussed ESS's response to the OIA recommendation.

Mr. Ford commented that ETF's dependency on receiving accurate information from employers has always been of concern to him and that he considers this to be a risk for the agency. ETF staff clarified time limits on the late reported earnings adjustments.

Total Administrative Services Corporation (TASC) Balance Audit:

Ms. Williams (Ref. AUD | 9.16.20 | 4B) discussed the results of the TASC Balance Audit. TASC is ETF's third-part administrator (TPA) for the Health Savings Accounts (HSA) and Employee Reimbursement Accounts (ERA). The audit objective was to

provide assurance on the accuracy of ERA and HSA balances administered by TASC. The audit was conducted in two phases.

Although some differences were identified in the ERA plan contributions, claims, and carryover amounts reported by TASC, the differences were found to be immaterial as compared to the overall balances rolled over to ConnectYourCare (CYC), ETF's new TPA starting 2020. Therefore, OIA concluded that the balances transferred from TASC to CYC were materially accurate.

OIA made one process improvement suggestion for management consideration. Additionally, Mr. Ford suggests that OIA include dollar amounts for programs in the Executive Summary.

CONTRACT ADMINISTRATION UPDATE

Mr. Steiner (Ref. AUD | 9.16.20 | 5) provided a summary of improvements made by BCAP in response to OIA's consultative review of ETF's contract administrative function in 2019. The Committee had no questions on the update.

FY2020 and FY2021 AUDIT PLAN STATUS

Ms. Sze discussed the audit plan status (Ref. AUD | 9.16.20 | 6) for the period, May 21 through August 21. To address Mr. Ford's concerns on employer reported employee data, OIA has planned a special project to assess the risks. The plan is to report the result of the assessment to the Committee at the December meeting.

ETF IT GOVERNANCE MATURITY ASSESSMENT

Ms. Fisher presented JANUS's assessment of ETF's IT governance maturity and discussed the rationale behind the rating of ETF's maturity scale. Mr. McCarthy, ETF's Chief Information Officer, discussed improvements ETF has made since the completion of the assessment by JANUS in early 2020.

ADJOURNMENT

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

The Committee adjourned at 10:47 a.m.

Date Approved: _____

Signed: _____
Michael Langyel, Secretary
Audit Committee