

DRAFT

MINUTES

March 24, 2021

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

Division of Trust Finance:
Amelia Slaney, Director of Financial
Compliance Bureau

Office of Internal Audit (OIA):
Yikchau Sze, Director
Michelle Hoehne, Auditor-Advanced
Kim Richmond, Auditor-Advanced
Amanda Williams, Auditor-Advanced

Office of Policy, Privacy & Compliance:
Steve Hurley, Director

OTHERS PRESENT:

ETF Division of Management Services:
Patrick Hughes, Kadi Mbanefo

ETF Office of the Secretary:
Pam Henning, John Voelker,
Cherylynn Wilkins, Kathryn Young

ETF Division of Retirement Services:
Anne Boudreau, Jim Guidry

ETF Office of Strategic Health Policy:
Tom Rasmussen

ETF Division of Trust Finance:
Cindy Klimke-Armatoski, Ramona
Yee, Amelia Slaney

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

Board	Mtg Date	Item #
AUD	06.16.21	1

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

MOTION: Ms. Paul moved to accept the open and closed minutes of the December 9, 2020, Committee meeting, as submitted by the Board Liaison. Mr. Langyel seconded the motion, which was passed on a voice vote.

ELECTION OF OFFICERS:

Mr. Ford proposed electing the same slate of officers.

MOTION: Mr. Ford moved to nominate the current slate of officers: Mr. Ford as Chair, Ms. Paul as Vice Chair, and Mr. Langyel as Secretary of the Audit Committee. Mr. Langyel seconded the motion, which passed on a voice vote.

Third-Party Administrator (TPA) Contract Compliance Audit Results – Life Insurance:

Ms. Hoehne described OIA's oversight role in the TPA contract compliance audit and provided an overview of the audit conducted by Wipfli, the contracted auditor, on the administration of the Group Life Insurance Program for plan years 2018-2019. Wipfli did not identify significant program administration findings, therefore, had no recommendations. (Ref. AUD | 03.24.21 | 4).

INTERNAL AUDIT RESULTS

Retired Lives Data Extract Audit:

Ms. Hoehne provided an overview of the Retired Lives Data Extract Audit (Ref. AUD | 03.24.21 | 5A) completed in accordance with the 2020-2021 Biennial Audit Plan. The audit was conducted to determine the accuracy and completeness of the Retired Lives data provided to the Wisconsin Retirement System's (WRS) consulting actuarial firm Gabriel, Roeder, Smith & Company (GRS) for annual actuarial valuation of retired members covered by the WRS. While the audit concluded that overall the Retired Lives data extract appeared to be materially competed and a majority of the data fields in the extract file appeared to contain accurate information based on ETF systems data, the audit found inaccurate data pertaining to two data fields, which GRS indicated had no impact to total liability calculation. Ms. Slaney, Director of Financial Compliance Bureau, discussed management response to the audit finding.

Annuity Calculation Limited Review:

Ms. Williams discussed the approach and results of Annuity Calculation Limited Review (Ref. AUD | 03.24.21 | 5B) completed in accordance with the 2020-2021 Biennial Audit Plan. Ms. Williams stated that although the review identified one calculation error, it was determined to be an isolated case, therefore, OIA did not include any recommendations. OIA will increase audit review frequency and sample size as the result of this finding.

Annual Statement of Benefits Abnormal Balance Review:

Ms. Richmond provided an overview of the consulting project - WRS Annual Statement of Benefit Abnormal Balance Review (Ref. AUD | 03.24.21 | 5C). The consulting project was requested by management and was included in the 2020-2021 Biennial Audit Plan. The project identified the root causes of extreme low money purchase balances on the statement of benefits and identified opportunities to improve the process of annual testing and statement generation.

Employee Trust Funds' Fraud Policy

Mr. Hurley discussed the reason why ETF created the fraud policy and provided an overview on the policy. Mr. Hurley also discussed the development of Fraud Response Plan, which is an integral part of the policy and is scheduled to be completed in June 2021. (Ref. AUD | 03.24.21 | 6).

FY 2020-2021 AUDIT PLAN STATUS

Ms. Sze provided the status of audit projects and reported on other OIA activities for the reporting period from November 13, 2020 through February 26, 2021. Ms. Sze also provided an update on open audit issues (Ref. AUD | 03.24.21 | 7).

CLOSED SESSION

Mr. Ford announced that the Committee is going into closed session to discuss information from audit projects with a sensitive nature related to information security.

Unless there is an objection, Mr. Ford, as the Committee Chair, will be the sole Committee member to return to open session and announce the action taken on these items and adjourn the meeting. No objections were made.

MOTION: Mr. Langyel moved to convene in closed session pursuant to the exemptions contained in Wis. Stats. § 19.85 (1) (d) to consider strategy for crime detection or prevention. Ms. Paul seconded the motion, which passed on the following roll call vote:

Members Voting Aye: Ford, Paul, Langyel

The Committee convened in closed session at 10:12 a.m. and adjourned at 11:02 a.m.

ANNOUNCEMENT OF ACTION TAKEN ON BUSINESS DELIBERATED DURING CLOSED SESSION

Mr. Ford announced that the Committee met in closed session and discussed the Vulnerability Management Program Maturity Assessment and Social Engineering Testing.

ADJOURNMENT

Mr. Ford adjourned the meeting at 11:03 a.m.

Date Approved: _____

Signed: _____
Michael Langyel, Secretary
Audit Committee