

DRAFT

MINUTES

September 16, 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

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of Internal Audit (OIA):

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

Division of Retirement Services:

Alene Kleczek, Employer & Contact
Services Bureau Deputy Director

Office of the Secretary:

John Voelker, Secretary

OTHERS PRESENT:

ETF Division of Management Services:

Patrick Hughes, Kadi Mbanefo

ETF Division of Retirement Services:

Anne Boudreau, Roger Fletcher, Jim
Guidry

ETF Division of Trust Finance:

Cindy Klimke-Armatoski, Marie
Ruetten

ETF Office of the Secretary:

Shirley Eckes, Pam Henning,
Cherylynn Wilkins, Kathryn Young,
Kim Schnurr

Legislative Audit Bureau:

Bridget Wieser

Mr. Ford called the Audit Committee (Committee) to order at 9:00 a.m.

Board	Mtg Date	Item #
AUD	12.09.21	2

CONSIDERATION OF MINUTES OF PREVIOUS MEETING

MOTION: Ms. Paul moved to accept the open minutes of the June 24, 2021, Committee meeting, as submitted by the Board Liaison. Mr. Ford seconded the motion, which passed on a voice vote.

INTERNAL AUDIT RESULTS

Variable Fund Transfer Audit:

Ms. Williams provided an overview of the Variable Fund Transfer Audit (Ref. AUD | 09.16.21 | 3) completed in accordance with the FY 2020-2021 Internal Audit Plan, which reviewed controls over the Variable Fund Transfer process and transfers completed in calendar years 2019 and 2020. The audit found most controls operating as designed to provide reasonable assurance transfers were processed appropriately. However, the audit recommended improvements in the reports used to identify differences pertaining to transfer information between ETF's systems, maintaining and annually reviewing written procedures for this and other processes, and completing and documenting post-audit reviews of transfers. Additionally, the audit included some other process improvement considerations for management. Mr. Ford asked about the impact to annuity benefit payments if a variable fund transfer was not processed as expected. Ms. Williams stated that there was no impact.

Annuitant Health Insurance Deduction Set-up Audit:

Ms. Richmond discussed the Annuitant Health Insurance Deduction Set-up Audit (Ref. AUD | 09.16.21 | 4) completed in accordance with the FY 2020-2021 Internal Audit Plan. The audit found that health insurance deductions for calendar year 2020 were processed appropriately and controls were in place and operating as designed. The audit included a recommendation to strengthen controls by adding a monitoring control to an existing exception review process. Ms. Paul asked about the timing of the insurance premium set-up process relative to the insurance premium deduction from the initial annuity payment. Ms. Kleczek provided an overview on the process and described system limitations and the communications in place to notify annuitants of up to two months of premiums deducted from the initial annuity payment. Ms. Boudreau provided additional details on the process and steps ETF had taken to assist members with the process in her follow-up email to the Audit Committee members.

Medicare Split Contract Invoicing Audit:

Ms. Richmond discussed the Medicare Split Contract Invoicing Audit (Ref. AUD | 09.16.21 | 5) completed in accordance with the FY 2020-2021 Internal Audit Plan, which evaluated controls over the Medicare split contract invoicing process for calendar year 2020. The audit did not identify any exceptions with invoicing. To strengthen controls, a recommendation was made to improve the consistency of review over invoice adjustments needed for health contract changes and ensure supporting documentation is maintained for all adjustments.

Employer Call Services Consulting Review:

Ms. Hoehne discussed the results of the Employer Call Services Consulting Review (Ref. AUD | 09.16.21 | 6) completed in accordance with the FY 2020-2021 Internal Audit Plan. The review assessed the quality of employer call services for accuracy and timeliness during May and June 2021. Overall, the review concluded that information provided by ETF staff appeared accurate and timely. The review identified several process improvement recommendations for management's consideration.

FY 2020-2021 AUDIT PLAN STATUS:

Ms. Sze provided a completion update of the FY 2020-2021 Internal Audit Plan (Ref. AUD | 09.16.21 | 7). OIA completed 15 projects and an additional five information technology projects were completed by JANUS Association.

FY 2022-2023 AUDIT PLAN STATUS:

Ms. Sze provided the status of audit engagements and reported on other OIA activities for the reporting period from May 21, 2021 through August 19, 2021. Ms. Sze also provided an update on open audit issues (Ref. AUD | 09.16.21 | 8). Mr. Ford asked whether current audit staffing resources were sufficient to meet the increasing third-party administrator oversight related work being completed by OIA. Ms. Sze indicated that this is currently being assessed.

FUTURE ITEMS FOR DISCUSSION:

Mr. Ford and Mr. Voelker discussed the timeline for filling the open Committee member position and potentially replacing Mr. Ford on the Committee, pending Mr. Ford's decision and successful run for the vacant ETF Board Secretary position.

ADJOURNMENT

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

The Committee adjourned at 9:56 a.m.

Date Approved: _____

Signed: _____, Secretary
Audit Committee