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Correspondence Memorandum

Date: August 26, 2024

To: Audit Committee

From: Yikchau Sze, Director
Office of Internal Audit

Subject: Office of Internal Audit (OIA) Strategic Plan

This memo is for informational purposes only. No Committee action is required.

The Global Internal Audit Standards (the Standards) released by the Institute of Internal Auditors (IIA) in January 2024 will become effective in January 2025. Standard 9.2 of Domain IV *Managing the Internal Audit Function* requires that:

[T]he Chief Audit Executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization...must review the internal audit strategy with the [Employee Trust Funds Board (Board)] and senior management periodically.

OIA historically has incorporated strategic planning as part of the biennial audit development process. The progress of those long-term goals was discussed as part of audit plan updates. For example, insourcing the third-party administrator contract compliance audits to enhance assurance and reduce cost was first assessed and presented to the Audit Committee (Committee) at the December 2021 meeting ([Ref. AUD | 12.09.21 | 5](#)); the data analytics initiative to provide continuously monitoring and staff development was first introduced to the Committee as a standalone engagement in June 2023 as part of the FY24 – FY25 audit plan ([Ref. AUD | 06.22.23 | 7](#)) discussion.

To fulfill the requirements of this new standard, OIA developed a formal strategic plan using The Department of Employee Trust Funds' (ETF's) strategic plan framework – multi-year strategic goals with supporting objectives and actions driving progress of the objectives (see Attachment A). The strategic plan defines OIA's mission as to strengthen ETF's ability to deliver quality benefits and protect the integrity of the trust by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. This mission statement aligned with the Purpose of Internal Audit of the Standards and ETF's mission. Our vision is to be a high-performing internal audit team that provides trusted assurance and valued advice

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to the Board and management to support ETF's success in achieving its mission. To accomplish OIA's mission and vision, we identified two long-term goals that support ETF's strategic goals. Each goal has two objectives and is supported by varying number of initiatives that may last 12 to 18 months. Performance indicators to measure the success of those initiatives were identified to drive outcome. A discussion of resources is included in the plan. OIA will report at least annually to the Committee and ETF senior management on the progress, performance indicators, and any updates to the plan.

Staff will be at the Committee meeting to answer any questions.

Attachment A: [OIA Strategic Plan FY25 – FY26](#)