



STATE OF WISCONSIN
Department of Employee Trust Funds
A. John Voelker
SECRETARY

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: March 18, 2025

To: Audit Committee

From: Yikchau Sze, Director
Office of Internal Audit

Subject: Third-Party Administrator Contract Compliance Audit – Pre-Tax Savings Account Programs

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

In accordance with the Office of Internal Audit's (OIA's) fiscal year 2024-2025 Biennial Audit Plan, we have completed an audit for calendar years (CY) 2022 and 2023 to evaluate the design and operating effectiveness of internal controls over Optum Financial's compliance with the pre-tax savings account program contracts, which include Health Savings Accounts (HSA) – ETH0052, Employee Reimbursement Accounts (ERA) – ETH0053, and Commuter Fringe Benefits Accounts (CB) – ETH0054.

As part of Department of Employee Trust Funds' (ETF's) Third-Party Administrator (TPA) oversight, periodic contract compliance audits are conducted to provide assurance of the administration of these programs. To enhance the assurance provided by these audits while reducing costs, certain TPA contract compliance audits have been insourced. This compliance audit is one of insourced audits performed by the OIA.

The audit results, which are included as Attachments A-C, will be reported to the Group Insurance Board (GIB) which has oversight of the pre-tax savings account programs, on February 26, 2025.

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

Attachment A: [Memo to the Group Insurance Board: Contract Compliance Audit of the Pre-Tax Programs for Plan Years 2022-2023](#)

Attachment B: [Third-Party Administrator Contract Compliance Audit: Optum Financial – Health Savings Accounts, Employee Reimbursement Accounts, and Commuter Benefits](#)

Attachment C: [Follow-up Report on TPA Contract Compliance Audit of Optum Financial for the ERA, HSA, and CB Programs](#)

| Board | Mtg Date | Item # |
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| AUD | 03.27.25 | 5A |