

DRAFT

MINUTES

March 27, 2025

Audit Committee

Employee Trust Funds Board
State of Wisconsin

Location:

Hill Farms State Office Building – Room N107
4822 Madison Yards Way, Madison, WI 53705
8:01 a.m. – 8:28 a.m.



COMMITTEE MEMBERS PRESENT:

Angela Miller, Chair
Katy Lounsbury, Vice Chair*

Amy Mizialko, Secretary*

PARTICIPATING EMPLOYEE TRUST FUNDS (ETF) STAFF:

Office of the Secretary:

John Voelker, Secretary
Kathryn Young, ESA Supervisor

Office of Internal Audit (OIA):

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

OTHERS PRESENT:

ETF Staff:

Laura Brauer, Luis Caracas*, Cindy Klimke, Tom Rasmussen*, Jessica Rossner*,
Amelia Slaney, Xiong Vang*

Legislative Audit Bureau:

Nate Heimler, Erin Scharlau

Ms. Miller, Chair, called the Audit Committee (Committee) to order at 8:01 a.m.

ANNOUNCEMENTS

Ms. Sze announced that Shellee Bauknecht, who joined OIA in 2022 as a limited term employee, had left OIA to take a permanent position within ETF's Division of Trust Finance.

* Attended virtually.

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AUD	06.19.25	2

CONSIDERATION OF OPEN MINUTES OF DECEMBER 9, 2024, COMMITTEE MEETING ([Ref. AUD | 03.27.25 | 2](#))

MOTION: Ms. Lounsbury moved to approve the open session minutes of the December 9, 2024, meeting as submitted by the Board Liaison. Ms. Mizialko seconded the motion, which passed unanimously on a voice vote.

ELECTION OF OFFICERS ([Ref. AUD | 03.27.25 | 3](#))

Ms. Miller stated that this is Amy Mizialko's last Committee meeting since her term on the Teachers Retirement (TR) Board would expire on May 1, 2025. The Employee Trust Funds Board chair would likely appoint a new ETF Board member to the Committee following Ms. Mizialko's departure.

To avoid duplicating officer elections at the March meeting and then again at the June meeting, the Committee determined that it would be best to defer the annual election of officers until the June meeting when the ETF Board Chair had appointed the third member of the Committee.

MOTION: Ms. Mizialko moved to defer the Audit Committee's annual election of officers until the June ETF Board meeting as requested by ETF. Ms. Lounsbury seconded the motion, which passed unanimously on a voice vote.

CALENDAR YEAR 2023 FINANCIAL AUDIT BY THE LEGISLATIVE AUDIT BUREAU (LAB)

Ending Audit Communication ([Ref. AUD | 03.27.25 | 4A](#)) LAB Report 25-02 ([Summary](#) and [Full Report](#)); 2023 ETF Annual Comprehensive Financial Report ([Ref. AUD | 03.27.25 | 4B](#))

Ms. Scharlau from the LAB discussed the results of the audit of ETF's 2023 Annual Comprehensive Financial Report. She also provided an overview of the previously and separately issued financial statements for certain programs. The LAB audit resulted in unmodified opinions and did not identify any material weaknesses, significant deficiencies in internal controls, or any compliance issues.

Ms. Scharlau asked if there were any questions, but there were none.

OFFICE OF INTERNAL AUDIT PROJECT REPORTS

Third-Party Administrator Contract Compliance Audit-Pre-Tax Savings Account Programs ([Ref. AUD | 03.27.25 | 5A](#))

Ms. Sze discussed the results of the Third-Party Administrator (TPA) Contract Compliance Audit for the Pre-Tax Savings Account Programs completed in accordance with the fiscal

year 2024-2025 Internal Audit Plan. The audit evaluated the design and operating effectiveness of internal controls over Optum Financial's program administration and compliance with the programs' contracts for program years 2022-2023. It also included prior audit recommendation follow-up. The audit contained findings and recommendations pertaining to proper substantiation and adequate review of claims, as well as ensuring accurate compilation and review of performance reports and administrative fee invoices. Additionally, there were process improvement recommendations pertaining to ensuring Limited Purpose Flexible Savings Account participants are compliant with eligibility requirements and pertaining to rounding used in performance standards reporting.

Ms. Sze indicated that the audit results were presented to the Group Insurance Board (GIB) at its February 26, 2025, meeting, as it has oversight of the programs. Status updates would also be provided to the GIB in the future.

Mr. Voelker added that, due to the recent Request for Proposal, the TPA for these programs would be changing in 2026.

DISCUSSION AND CONSIDERATION

FY24-FY25 Biennial Audit Plan Update, including Open Issues Report and Insurance Administration System Oversight Monthly Reports ([Ref. AUD | 03.27.25 | 6A](#))

Ms. Sze provided an overview of the FY24-FY25 Biennial Audit Plan Update, which included completed and in-progress audit engagements and the status of other OIA activities from November 20, 2024, through February 24, 2025.

Ms. Sze also provided an update on OIA's ongoing review of the Insurance Administration System (IAS) Program. She discussed OIA's recommendations which were included in the IAS Program review reports for December, January, and February. The IAS Program review reports had been provided to the IAS Program Management Team (PMT) and the ETF Strategic Council. Recommendations included improvements and additional clarity in IAS Program status reporting, better monitoring of project time tracking, go-live readiness decision criteria development, manual process resource requirement assessment, and development of a comprehensive testing strategy for outstanding items not yet included in End-to-End testing. OIA would continue providing monthly reports to the IAS PMT and ETF Strategic Council, as well as quarterly status updates to the Committee as part of the FY24-FY25 Biennial Audit Plan Update. The ETF Board's Budget and Operations Committee, which has the oversight responsibility for ETF's modernization projects, would also receive copies of the same IAS Program review reports each quarter.

Finally, Ms. Sze provided an update on open audit recommendations via the quarterly Open Audit Issue Report.

TPA Contract Compliance Engagement Results-Wisconsin Public Employers Group Life Insurance Program for the Plan Years 2022-2023 (Ref. AUD | 03.27.25 | 6B)

ETF contracted with Wipfli to perform an Agreed-Upon Procedures engagement for contract compliance for the Group Life Insurance TPA for plan years 2022-2023. The results of the engagement, which had already been provided to the GIB at the February 26, 2025, meeting, were also being shared with the Committee to fulfill its responsibilities for reviewing the results of external audits.

Ms. Miller asked if there are any questions or additional discussion needed on this item. There were none.

FUTURE ITEMS FOR DISCUSSION

Ms. Miller asked if Committee members had any topics they wanted to discuss at future Committee meetings.

Ms. Sze indicated that she would be reaching out to the Committee soon as part of the risk assessment process for OIA's FY26 audit planning.

ADJOURNMENT

MOTION: Ms. Mizialko moved to adjourn the meeting. Ms. Lounsbury seconded the motion, which passed unanimously on a voice vote.

The Committee adjourned at 8:28 a.m.

Date Approved: _____

Signed: _____

Audit Committee Secretary