



STATE OF WISCONSIN
Department of Employee Trust Funds
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SECRETARY

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Correspondence Memorandum

Date: November 16, 2020
To: Employee Trust Funds Board
From: Matt Stohr, Administrator
Division of Retirement Services
Subject: Review of Committee Charters

The Department of Employee Trust Funds (ETF) recommends the Board review and approve the charters for the Audit Committee, the Budget and Operations Committee, and the Executive Committee.

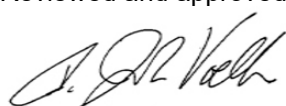
Please find below the status of each committee charter. The charters were recently reviewed by each committee. The Board typically reviews and approves the charters at the December meeting, every three years, regardless of whether there are any proposed changes.

Audit Committee Charter
09/16/20– Committee reviewed – No changes/Pending Board confirmation
Budget and Operations Committee Charter
09/16/20 – Committee reviewed – No changes/Pending Board confirmation
Executive Committee Charter
09/16/20 – Committee reviewed – No changes/Pending Board confirmation

I will be available at the December Board meeting if there are any questions.

- Attachment A: Audit Committee Charter
- B: Budget and Operations Committee Charter
- C: Executive Committee Charter

Reviewed and approved by John Voelker, Deputy Secretary



Electronically Signed 11/20/20

Board	Mtg Date	Item #
ETF	12.10.20	4A

CHARTER
EMPLOYEE TRUST FUNDS BOARD
AUDIT COMMITTEE
Adopted: December 12, 2008
Last Revised: December 13, 2018
Last Reviewed: December 12, 2019

Purpose

The Employee Trust Funds Board (Board) has established the Audit Committee (Committee) to assist the Board in fulfilling its fiduciary and oversight responsibilities, including the financial reporting process, the system of internal controls, and the Department's process for monitoring compliance with laws and regulations.

Membership

The Committee shall be comprised of three Board members selected by the Board chair.

At the first Committee meeting in each calendar year, the Committee shall elect a chair, vice chair and a secretary, each will serve for a term of one year or until a successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of chair, the vice chair shall immediately assume the office of chair for the remainder of the term. In the event of a vacancy in the office of vice chair or secretary, the Committee shall, at its next regular meeting, elect one of its members to fill such vacancy for the remainder of the term.

Authority and Responsibilities

The Committee has the authority to direct the Internal Audit Director, external auditors, or consultants to conduct an audit, review, and/or investigation into any matters within the Committee's scope of responsibility. The Committee will carry out the following responsibilities:

Financial Reporting

- Review the Comprehensive Annual Financial Report and other communications related to the financial statement audits conducted by the external auditors.
- Review with management and the external auditors all matters required to be communicated to the Committee under Generally Accepted Auditing Standards or Government Auditing Standards.
- Review with management and the General Counsel the status of legal matters that may have an effect on the financial statements.
- Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations that resulted from the financial statement audit.

Internal Audit

- Review and approve the Office of Internal Audit charter.
- Approve the appointment, replacement, or dismissal of the Internal Audit Director.
- Assess the performance of the Internal Audit Director with management input and recommend, consistent with the State Compensation Plan, the annual compensation and salary adjustment of the Internal Audit Director.
- Review all internal audit reports and bring to the attention of the Board any audit issues the Committee determines significant for consideration by the Board.
- Review the responsiveness and timeliness of management's follow-up activities pertaining to all reported findings and recommendations.
- Establish audit frequency guidelines with input from management to reflect the amount and type of risk that ETF is willing to take in order to achieve its operational and strategic objectives.
- Review and approve the biennial audit plan and all major changes to the plan.
- Review and approve the Office of Internal Audit's staffing plan and budget.
- May delegate to the Internal Audit Director the authority to do, within the scope of the approved audit plan, the following:
 - hire external auditors/consultants whenever it is determined a specialist is needed to review particular areas of ETF, to augment the resources available within the OIA or for any other practical purpose;
 - approve the scope of services to be performed by the external auditors/consultants; and
 - exercise final approval on the appointment, retention or discharge of the external audit/consulting firm based on assessment of work performed.
- Ensure and maintain, through organizational structure, and other means, the independence of the internal audit process.
- Ensure that the internal auditors have full, free and unrestricted access to all functions, documents, information, systems, contractors, consultants, and personnel in the ETF that is relevant to their performance of internal audit engagements.
- Review the performance of the internal audit function periodically and provide for an external quality assessment every five years.

Controls and Compliance

- Review the effectiveness of ETF's internal control system, including information technology security and control.
- Ensure that ETF has a comprehensive policy on internal control and compliance.
- Ensure ETF maintains an appropriate mechanism for reporting any fraud, noncompliance, and/or inappropriate activities.
- Review the findings of any examinations by regulatory/oversight entities, any external and internal audit observations, including investigations of misconduct and unethical/improper activity such as fraud, and the results of management's follow-up activities.

Other Responsibilities

- Institute and oversee special investigations as needed.
- Retain independent counsel, accountants, or other specialists to advise the Committee or assist in conducting an investigation, as needed and in accordance with statutory authority, if any.
- Review and assess the adequacy of the Charter of the Audit Committee annually and request Board approval of proposed changes.
- Ensure an open avenue of communication between the internal auditors, the external auditors, management, and the Board.
- Keep minutes of Committee meetings and ensure that minutes are made available to Board members.

Meetings

The Committee shall meet at least two (2) times per calendar year, with authority to convene additional meetings as circumstances require. The Committee may subject to the state Open Meeting Laws, meet separately with the Internal Audit Director and management to discuss any matters the Committee believes should be discussed privately.

The Committee may invite members of management, auditors or others to attend the meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved by the Committee. The Committee chair, or designee, will provide a Committee report and submit applicable

recommendations to the Board.

History of Changes to Audit Committee Charter

- The Board adopted charter on December 12, 2008. The Board reviewed and approved charter (no changes), on September 15, 2011.
- The Board reviewed and approved an updated charter to provide clarification on the Committee's roles and responsibilities, on December 5, 2013.
- The Board reviewed and approved charter (no change) on December 11, 2014.
- The Board reviewed and approved an updated charter to establish a clear working relationship between the Audit Committee and the Internal Auditor, on December 10, 2015.
- The Board reviewed and approved charter (no change) on December 15, 2016.
- The Board reviewed and approved an updated charter to clarify the frequency and attendees of the Committee meeting and to formalize the review of the independence of the internal audit function on December 14, 2017.
- The Board reviewed and approved an updated charter to incorporate suggestions from IIA Quality Services, LLC that would promote the independence of and improve the internal audit function on December 13, 2018.
- The Committee reviewed the adequacy of the charter and did not propose any changes on December 12, 2019.

**CHARTER
EMPLOYEE TRUST FUNDS BOARD
BUDGET AND OPERATIONS COMMITTEE
Adopted: December 12, 2008
Last Revised: June 26, 2014
Last Reviewed: December 14, 2017**

Purpose

The Employee Trust Funds Board (Board) has established the Budget and Operations Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities. Generally, the Committee will review:

1. The biennial budget process and the Department's budget request;
2. The Department's strategic business and information technology planning activities; and
3. The Department's operational activities.

Membership

Membership shall be determined by the Board chair, except that the Committee shall be composed of three Board members.

At the first meeting of the Committee in each calendar year, the Committee shall elect one of its members chair, another member vice chair, and a third member secretary, each to serve for a term of one year or until his or her successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of chair, the vice chair shall immediately assume the office of chair for the remainder of the term. In the event of a vacancy in the office of vice chair or secretary, the Committee shall, at its next regular meeting, elect one of its members to fill such vacancy for the remainder of the term.

Duties and Responsibilities

In consultation with the Secretary, the Budget and Operations Committee shall:

- Review and offer recommendations to the Board and Secretary on the following matters:
 - The Department's biennial budget requests
 - The Department's proposed annual operating budget
 - The Department's annual report of operating expenses
 - The Department's requests to exceed expenditure or position authority, as necessary
 - The Department's capital budget requests and facility planning needs
 - The Department's strategic business plan, including service goals and benchmarks
 - The Department's information technology plans

- The Department's operational policies, including continuity of operations and disaster recovery
- The Department's efforts to enhance the efficiency and effectiveness of its administration practices for the benefit plans overseen by the Board
- Proposed legislation affecting the Department's budget or operations
- Monitor the Department's progress in meeting its strategic business plan goals and benchmarks.
- Monitor WRS demographic data.
- Monitor the Department's workload data.
- Review and approve proposed changes to the policies and procedures for procurements conducted on behalf of the Board.
- Keep minutes of the Budget and Operations Committee meetings and ensure that minutes are made available to Board members.

Meetings

The Committee shall meet at least one (1) time per calendar year, and may convene more frequently as circumstances require.

The committee may invite members of management or others to attend the meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The committee chair, or designee, will provide a committee report and submit applicable recommendations to the ETF Board.

Charter Review

The Board, in consultation with the Budget and Operations Committee, shall review this charter for relevancy and appropriateness at least once every three years.

History

The Board adopted this charter on December 12, 2008. The Board reviewed and approved this charter, with no changes, on December 1, 2011. The Board reviewed and approved this charter with modifications on June 26, 2014. The Board reviewed and approved this charter, with no changes, on December 14, 2017.

**EMPLOYEE TRUST FUNDS BOARD
EXECUTIVE COMMITTEE CHARTER
Adopted: December 12, 2008
Last Revised: April 2, 2015
Last Reviewed: December 14, 2017**

General

The Employee Trust Funds Board (Board) has established the Executive Committee to assist the Board in fulfilling its fiduciary and oversight responsibilities. Generally, the Committee will oversee the effective operation of Board and other Committee meetings and will review personnel matters relating to the Department and the Secretary.

Membership

Membership shall consist of the Board Chair, the Board Vice-Chair, and the Board Secretary. Each member shall assume the same role on the Committee as on the Board.

Duties and Responsibilities

In consultation with the Secretary, the Executive Committee shall:

- Meet in advance of Board meetings to discuss meeting agendas and relevant Board activities.
- Review and, as appropriate, consider and recommend personnel matters to the Board, including the annual performance evaluation of the Secretary.
- Review and make recommendations to the Board on the governance practices of the Board, including Board policies and procedures.
- Oversee the Board's training policy and approve relevant training for Board members, subject to availability of funds.
- Monitor the general effectiveness of the Board, Board meetings and Committee meetings and report to the Board on its findings, as appropriate.
- Keep minutes of the Executive Committee meetings and ensure that minutes are made available to Board members.

Meetings

The Committee shall meet as needed.

Charter Review

The Board, in consultation with the Executive Committee, shall review this charter for relevancy and appropriateness at least once every three years.

History

The Board adopted this charter on December 12, 2008.

The Board reviewed and approved this charter, with no changes, on December 1, 2011.

The Board reviewed and approved this charter, with no changes, on December 11, 2014.

The Board reviewed and approved this charter, with changes, on April 2, 2015.

The Board reviewed and approved this charter, with no changes, on December 14, 2017.