



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: January 16, 2014
TO: Group Insurance Board
FROM: John Vincent, Director
Office of Internal Audit
SUBJECT: Quarterly Audit Report

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

The following provides a summary of Office of Internal Audit projects and advisory services completed or initiated, as well as other activities, as of November 1, 2013. This information was presented to the Audit Committee of the Employee Trust Funds (ETF) Board on December 5, 2013.

2013-2015 AUDIT PLAN

1. Audit Projects – Completed

- BPS Manual Transactions Audit (13-03) – Audit report was presented at the December 5, 2013, meeting and is available upon request.

2. Engagements/Projects – In-Process

- (13-04) Internal Control Plan Review
- (13-05) Employer Audit Program
- (13-08) Information Privacy and Security
- (13-09) Vendor Contract Invoice Approval Review
- (13-10) WEBS Access Termination Process Review
- Internal Audit Manual
- Continuous Monitoring Development Project

3. Advisory Services/Special Requests – Active/Continuing

- ETF Security Council – Mr. Vincent participates in Security Council meetings, providing advice about data governance security policies (e.g., data classification, logging, auditing, and computer security incident response).

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Electronically Signed 01/24/14

Board	Mtg Date	Item #
GIB	02.19.14	7K

- Compliance Audits of Third-Party Administrators (TPA) – Mr. Lebi provided comments on the recommendation for extending the TPA compliance audit contract for the Wisconsin Deferred Compensation program.
- Affirmative Action Committee – Mr. Lebi serves on this Committee.

4. Monitoring of System Development Projects

- a. Transformation, Integration, and Modernization Initiative (TIM) – Mr. Vincent and Mr. Hurley (Director – Policy, Privacy & Compliance Office) make up the Risk Management Monitoring Team for this initiative.

5. Special Projects

- a. External Quality Assessment Review – The Office of Internal Audit (OIA) acquired the services of an external internal audit professional to conduct an external Quality Assessment Review (QAR) of the OIA function. Based on the information received and evaluated during the QAR, it was the opinion of the external assessor that the OIA partially conforms to the Institute of Internal Auditors (IIA) Professional Practices Framework (IIA Standards, Definition of Internal Auditing, and Code of Ethics). Therefore, a number of opportunities were provided in the final report that will assist OIA in more fully conforming to the IIA Standards and enhance its services to ETF.

This was the first QAR completed on the OIA function since the internal audit function was established in July 1985. The QAR was conducted with the following objectives:

- i. Assess OIA's conformance to The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*;
- ii. Evaluate OIA's effectiveness in carrying out its mission, and
- iii. To identify opportunities to enhance OIA management and work processes, as well as its value to ETF.

The final report was discussed at the December 5, 2013, meeting and is available upon request.

6. Training/Association Meetings

- a. Webinars:
 - Retirement Plans and Investments (2 days) – Mr. Lebi, Ms. Van Marter
 - Retirement Benefit Calculation Methods (webinar) – Ms. Malzacher
 - Enterprise Risk Management (IIA webinar) – Mr. Lebi, Ms. Van Marter
 - Public Sector Plan Administration/Compliance, Ethics and Trends – Mr. Lebi, Ms. Van Marter
 - Business Continuity Management – Crises Management – Mr. Lebi,
 - Investment Basics – Mr. Lebi, Ms. Van Marter
 - Writing Audit Reports That Get Results – Ms. Van Marter
 - MIS Institute – Continuous Auditing – Ms. Malzacher

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