



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: February 27, 2015
TO: Group Insurance Board
FROM: Yikchau Sze, Director, Office of Internal Audit
SUBJECT: Quarterly Audit Report

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

The following is a summary of projects and advisory services completed and in progress during the 2013-2015 Audit Plan years. Attached is a spreadsheet that reflects audits completed in the plan years and the status of audit findings, if any. Below is an update of active audit engagement and advisory services as of November 10, 2014. Also included in the update are the audit projects to be performed in the remaining of the plan year.

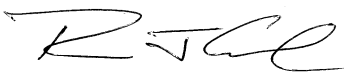
Audit Engagements – Active

- Mobile Security Audit Part II – mobile devices brought into ETF’s environment.

Advisory Services/Special Requests – Active

The nature and scope of these services are to add value and improve ETF’s governance, risk management, and control processes without the internal auditor assuming management responsibility.

- ETF Security Council – Participation in Security Council meetings as a non-voting member, providing advice about data governance security policies.
- Review of Compliance Audits of Third-Party Administrators (TPA) – Review of draft audit reports, review of working papers, and providing comment and assistance to the Division of Insurance Services and Division of Retirement Services.
- Transformation, Integration, and Modernization Initiative (TIM) Risk Management Monitoring Team.

Reviewed and approved by Robert J. Conlin, Secretary

Electronically Signed:
03/06/15

Board	Mtg Date	Item #
GIB	3.25.15	71

- BAS Validation – Participated in discussion to validate Benefit Administration System (BAS) processes that would provide auditing capabilities for the Office of Internal Audit (OIA).

Audit Engagements – To be completed

- Tax Reporting and Payment Review – to determine if tax reporting and submission of payments to Internal Revenue Service are timely and accurate.
- Eligibility of Spouse as Dependent for Health Insurance – to determine if the process to confirm the dependent eligibility of spouses is operating as intended.
- Domestic Partner Application Process - to determine if the timeliness of the approval process and subsequent internal notification process are working as intended.
- Income Continuation Insurance – to determine if the procedures for processing enrollment applications of income continuation insurance are operating as intended.

Audit Management Software

Two vendors responded to the Request for Proposal. OIA is in the process of product evaluation.

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

**2013 - 2015 Biennial Audit Plan
Completed Audits and Audit Findings Status Report**

Report Issue Date	Report Name	Time Period Covered	Objective & Scope	Recommendations	Status of Management Response	
10/31/2013	Benefit Payment System Manual Transactions Audit	Aug 2012 - Feb 2013	Verify the accuracy of manual transactions made by DRS	Only authorized staff can process state tax withholding refunds	<p>Instructions were provided through staff meeting</p> <p>System restrictions will be available when BAS is implemented</p>	<p>Closed</p> <p>Open</p>
		<p>Review the internal controls and auditing procedures in connection with the processing of account and payroll adjustment.</p>	<p>Multi-phase plan in place</p> <p>- BPS generates exception reports that flags changes to termination date/salary/service</p> <p>- work unit added a process step to check the corrected amount when the difference from the original calculation is more than \$100 per month and developed a spreadsheet automated the calculation</p> <p>- develop business rules in BAS that identify the unusual situations with ultimate goal of automating both data entry and calculations</p>	<p>Closed</p> <p>Closed</p> <p>Open</p>		

**2013 - 2015 Biennial Audit Plan
Completed Audits and Audit Findings Status Report**

Report Issue Date	Report Name	Time Period Covered	Objective & Scope	Recommendations	Status of Management Response	
3/5/2014	Information Privacy or Security Incident Reporting Process Review	Jan 1 - June 30, 2013	Verify that employees are following Department's Information Security and Privacy policy regarding the unauthorized, inadvertent use, or disclosure of member confidential personal information to Privacy Officer for review and remediation	Designate a secondary Privacy Officer to prevent the void created by vacation, sick day or other duties	Director of the Office of Policy, Privacy and Compliance (OPPC) fills in for any OPPC staff who are absent	Closed
				Create a Privacy E-Mail box to better monitor the incident reports submitted	Created	Closed
6/2/2014	Financial Management Information System Data Migration Review	Jan 1 2011 - Q1 2014	Verify that accounting data for the covered period were completely and accurately migrated into the new Financial Management Information System	No Recommendations	N/A	N/A
6/3/2014	2011 Internal Control Plan Review	Q1 2012 - Q1 2013	Verify that internal controls reported in the 2011 Internal Control Plan work as designed	2013 Internal Control Plan submitted to DOA reflects all the changes identified by OIA	updated and submitted	Closed
				Establish a process of timely updating key controls and submitting the Internal Control Plan to DOA in a timely manner.	in the process of reviewing identified controls and designing new process of updating the document - target completion date: end of 2015 calendar year	Open
6/3/2014	Disable WEBS Access Upon Termination Process Review	Current termination process in place at the time of the audit	Review WEBS access procedures to determine if any additional controls can be added to improve the disable and delete process for terminating workers.	No Recommendations	N/A	N/A
9/30/2014	Contracts Invoice Payment Review	fiscal year 2013	Verify that vendor contracts are properly managed for costs and deliverables.	No Recommendations	N/A	N/A
11/7/2014	Mobile Issued Computing Device Audit	July to Oct 2014	Verify that security over both physical assets and information accessed by the assets are adequate	Establish and document asset management processes	June 2015	Open
				Enhance security measure	TBD	Open