



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  
etf.wi.gov

## CORRESPONDENCE MEMORANDUM

**DATE:** July 31, 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 action is required.**

Below is the status summary of projects and advisory services completed or initiated in the second year of the 2013-2015 Audit Plan years. This information covers the period July 1, 2014 through May 29, 2015 and was presented to the Audit Committee of the Employee Trust Funds Board on June 25, 2015.

### Audit Engagements – Completed

- Contract Invoices and Payments Review – This audit provided reasonable assurance that the agency is properly managing vendor contracts regarding costs and deliverables. There were no recommendations in the report.
- Mobile Computing Device Audit Part I (Laptops and Tablets) - This audit determined physical security of mobile devices and assessed the security of information stored on those devices. There are three recommendations in the report. See Issue Tracking details on Page 4.
- Mobile Computing Device Audit Part II (Removable Media Security) – This audit determined whether internal controls are in place and working effectively in regard to removable media security. There are two recommendations in the report. See Issue Tracking details on Page 4.

### Audit Engagements – In Process

- Health Insurance Eligibility of Spouse and Domestic Partner as Dependent

Reviewed and approved by Robert J. Conlin, Secretary

Electronically signed:  
8/10/15

Board	Mtg Date	Item #
GIB	8.25.15	8G

- Income Continuation Insurance Enrollment Process

### **Advisory Services/Special Requests**

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

- ETF Security Council – Participated in Security Council meetings as a non-voting member and provided advice about data governance security policies
- Third-Party Administrators (TPA) Audit – Reviewed draft audit reports and provided comments to management
- Wisconsin Deferred Compensation (WDC) Financial Statement Audit Request for Bid (RFB) – Reviewed and assessed vendors' responses to the RFB requirements of vendor staffing and experience
- Transformation, Integration and Modernization (TIM)
  - Participated as a member of Risk Management Monitoring team
  - Participated as subject matter expert in the Benefit Administration System (BAS) Sprint - User Profile Security
  - Reviewed and advised audit related functionalities in the BAS
  - Discussed and proposed documentation of business processes flowcharts as one of the final deliverables of the BAS project
  - Participated in the Change Management discussions to promote a collaborative approach of managing changes across the agency
- Wisconsin Retirement System Employer Compliance – Participated in the discussions of the employer compliance pilot program
- Health Insurance Portability and Accountability Act (HIPAA) – Participated and advised on risk assessment for HIPAA compliance

### **Status update of the revised 2013-2015 Audit Plan presented to the Committee at the September Audit Committee meeting in 2014**

- Tax Reporting and Payment Review – to determine if tax reporting and submission of payments to Internal Revenue Service are timely and accurate

- Rolled over to 2015-2017 plan
- Eligibility of Spouse and Domestic Partner as Dependent for Health Insurance – to determine if the process to confirm the dependent eligibility of spouses and domestic partners is operating as intended
  - In progress, planned to report to the Audit Committee September 2015
- Domestic Partner Application Process - to determine if the timeliness of the approval process and subsequent internal notification process are working as intended
  - Removed from the Plan due to reduced exposure
- Income Continuation Insurance – to determine if the procedures for processing enrollment applications of income continuation insurance are operating as intended
  - In progress, planned to report to the Audit Committee September 2015

### **Audit Management Software**

Audit management software was installed. Training and testing is underway.

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

7/1/2014 - 5/29/2015 Completed Audits and Audit Findings Status Report						
Report Issue Date	Report Name	Time Period Covered	Objective & Scope	Recommendations	Status of Management Response	
09/30/2014	Contracts Invoice Payment Review	fiscal year 2013	Verify that vendor contracts are properly managed for costs and deliverables.	No Recommendations	N/A	N/A
11/07/2014	Mobile Computing Device Audit - Part I, Laptops and Tablets	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	Partial
				Enhance controls over laptops dedicated for training	Nov 2014	Closed
				Enhance security measure	TBD	Open
01/31/2015	Mobile Computing Device Audit – Part II, Removable Media Security	Dec 2014 - Jan 2015	Determine whether internal controls are in place and working effectively regarding Laptops, USB drives and smartphones brought into ETF's environment by staff, contractors and vendors	USB Port Functionality	Feb 2016	Open
				Non-compliance with Non-ETF Issued Personal Computing Device Policy	April 2015	Closed