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

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: July 26, 2019

To: Group Insurance Board

From: Yikchau Sze, Director
Office of Internal Audit

Subject: Internal Audit Plan Status

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

The attached summary report (Attachment A) provides the status of the audit plan for the period of July 1, 2017 to May 24, 2019. Also attached (Attachment B) is the memo of open audit issues and the detailed report of open audit issues.

This information was presented to the Audit Committee of the Employee Trust Funds Board on June 20, 2019.

Attachment C is the draft audit plan for the period of July 1, 2019 to June 30, 2021, which was approved by the Audit Committee on June 20, 2019.

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

Attachment A: Status of Internal Audit Plan for FY2017 – FY2019
Attachment B: Open Audit Issue Memo and Detailed Report
Attachment C: Submitted Internal Audit Plan for FY2020 – FY2021 for the Audit Committee Approval

Reviewed and approved by Robert J. Conlin, Secretary

RJC Electronically Signed 8/5/19

Board	Mtg Date	Item #
GIB	8.21.19	10L

Status of Internal Audit Plan
FY 2017 – FY 2019

Office of Internal Audit

May 24, 2019

WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS

Board	Mtg Date	Item #
AUD	6.20.19	4A

Executive Summary

This report provides information on the status of the Biennial Internal Audit Plan for FY2017 - FY2019 (Plan) as of May 2019. Interim review was conducted in June 2018, and adjustments to the Plan were approved by the Audit Committee at the June 2018 Audit Committee meeting. The original Plan included 23 projects. The revised plan reduced the number of projects to 15. The changes were mainly in response to ETF risk profile changes and staff availability. Details of the original Plan and subsequent revision can be found on the following pages.

The Office of Internal Audit (OIA) is on target to complete 13 engagements included in the revised Plan and a previously deferred project, added back to the plan, by the end of FY2019. The two remaining information technology (IT) focused audits that will be included in the newly developed IT audit plan for FY2020 – FY2021.

Audit Plan Completion Rate

Original Plan	**23**
Revised Plan	
Cancelled Projects	-5
Deferred Projects	-3
Revised Plan as of June 2018	**15**
Completed Projects as of May 2019	13
Previously Deferred Project Added Back to the Plan*	1
	14
% of completion	**93%**
Outstanding Projects (IT projects)	2

*Project on track to be completed by June 30, 2019

Detailed Audit Plan Status

The table on this page and the following pages provide the status of audit projects planned for FY2017 and FY2019. It includes the interim update to the plan as of June 2018, and status as of May 2019.

Title	Type	Interim Update - June 2018	Status - May 2019	Comment
Pension Benefits				
Member Account Maintenance	Audit	Cancelled		Due to BAS
Employer Reporting Rollout 2 Process	Audit	Cancelled		Due to BAS
Long-term Disability Insurance Process	Audit	Deferred to New Plan Year	In Process	On target to be completed by June 30, 2019. Originally deferred pending completion of program redesign
Third Party Administrator Oversight	Consulting		Completed	
Benefits Calculation and Distribution	Agreed-upon Procedures		Completed	
Pension Estimates	Advisory		Completed	
Trust Finance				
Cash Receipts and Disbursements	Audit		Completed	
Earnings Allocation	Consulting	Deferred		Deferral was the result of reduced risk and staff availability
Effective Rate Calculation	Agreed-upon Procedures	Deferred		Deferral was the result of reduced risk and staff availability

Title	Type	Interim Update – June 2018	Status – May 2019	Comment
Procurement and Contract Administration				
Contract Administration	Audit	Changed to Consulting	Completed	
Purchasing Delegation	Audit	Cancelled		Low Risk
Invoice Processing	Audit		Completed	
Business Continuity and Information Technology				
BAS Data Conversion	Audit	Cancelled		Due to BAS
COOP Plan	Audit		Completed	
Information Security Incidents Response	Audit		Open	Will be carried over to the FY2020-2021 IT audit plan
IT Asset Management	Audit		Completed	Also completed follow-up audit on the previous Mobile Computing Audit
Information Security and Privacy				
Identity and Access Management	Consulting	Cancelled		Will be carried over to the FY2020-2021 IT audit plan
Social Engineering	Audit		Open	Will be carried over to the FY2020-2021 IT audit plan
Data Sharing with Vendor	Audit		Completed	Focused on contractual language, conducted as part of HIPAA compliance audit
HIPAA Privacy and Breach Notification Compliance	Audit		Completed	
Follow-up Audit				
Full File Compare	Follow-up Audit		Completed	
Health Insurance Eligibility	Follow-up Audit		Completed	
Income Continuation Insurance	Follow-up Audit		Completed	

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

Correspondence Memorandum

Date: May 24, 2019

To: Audit Committee

From: Yikchau Sze, Director
                   Office of Internal Audit

Subject: Open Audit Issues Report

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

Office of Internal Audit (OIA) updates the Open Audit Issues report quarterly based on status reported by management. Management is responsible for timely completion of actions that address audit findings. OIA is responsible for tracking progress reported by management and formally accepting the closure of audit findings. The formal acceptance is achieved by performing follow-up audits to confirm the completion of corrective actions that are in place for one year. Attached is the Open Audit Issues Detailed Report as of May 17, 2019. The report tracks audit findings being raised since 2014. The table below provides a summary of audit findings that have not been closed as of May 17, 2019.

To ensure the appropriate remediation of all audit findings, starting in Fiscal Year 2020 OIA will begin tracking audit findings from external audits, such as third-party administrator compliance audits and Legislative Audit Bureau audits. OIA will report to you the status of external audit findings periodically as deemed appropriate.

Open and In-progress Audit Issues Summary

Audit	Audit Recommendations					OIA Follow-up
Office of Internal Audit	Closed	In Progress	Open	Over Due	Total	Acceptance Review
Income Continuation Insurance	9	1	1	-	11	Completed
TASC	8	2	-	-	10	N/A
Non-Retirement Program Payments Audit	1	-	-	-	1	N/A
COOP Plan	-	3	-	-	3	N/A
IT Asset Management	2	1	-	-	3	N/A
Open Audit Issues as of May 2019		**7**	**1**			
Total Audit Findings Since July 2014	49	7	1	-	57	

Attachment: Open Audit Issues Detailed Report

Board	Mtg Date	Item #
AUD	6.20.19	4B

Audit	Report Date	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
Mobile Computing Device Audit - Part I, Laptops and Tablets	November 2014	Establish and document asset management processes	Update and improve IT assets tracking; develop asset tracking policy; Utilize IT Asset Management software provided by STAR	Steven Mueller	March 2016	Closed
		Enhance controls over laptops dedicated for training	Inventory laptops dedicated for training; register loaner mobile devices		November 2014	Closed
		Enhance security measures	ETF will leverage DET's security measures after completing ETF's infrastructure re-hosting project at DET and after DET finishes its pilot project with DOR in April 2017		August 2017	Closed
Mobile Computing Device Audit – Part II, Removable Media Security	January 2015	USB Port Functionality	Re-advertise ETF-Issued Computing Device Policy with potential of revisiting the issue after completion of the infrastructure re-hosting project at DET	Steven Mueller	~~September 2018~~ November 30, 2018	Closed
		Compliance with Non-ETF Issued Personal Computing Device Policy	Train a second technician on the process; review and update procedures		April 2014	Closed
Income Continuation Insurance (ICI) Enrollment and Premium Reporting	August 2015	**To be followed-up by the Division of Retirement Services (DRS):**				
		Enhance Third Party Administrator (TPA) management	See Action Plan in the report	Jim Guidry and Kathy Wienkes	August 2017	Closed
		Initiate external monitoring by having Wipfli include the enrollment process as part of its engagement			February 2016	Closed
		Implement a monitoring procedure for evidence of insurability (EOI) applications to ensure timely follow up			January 2017	Closed
		Apply the same rules for determining the coverage effective date across all enrollment opportunities			TBD	Open. Program redesign, requiring statue change
		Provide additional employer training and update ICI employer administration manuals			Manuals: March 2016 Procedures: July 2016	Closed Closed
		Improve communication between the Disability Program Section (DPS) and Employer Services Section (ESS)			November 2016	Closed
		Establish an enrollment database			End of 2020	In progress
		To be followed-up by Division of Trust Finance (DTF):				
		Add an adjustment column to the Monthly Premium Report	See Action Plan in the report	Cindy Klimke-Armatoski	May 2016	Closed
		Foot and cross-foot the Monthly Premium Reports			September 2015	Closed
		Begin plans for the foundation of the BAS database needed by 1/1/18			January 2019	Closed due to BAS Cancellation
		Calculate all premiums, employee and employer, uniformly (will happen when ETF begins invoicing employers with roll-out 2 of the BAS project planned for 1/1/18)			January 2019	Closed due to BAS Cancellation

Audit	Report Date	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
Health Insurance Eligibility - Dependent Spouses & Domestic Partners	September 2015	ETF should proactively identify divorced health care participants by enhancing internal communications when a form is received that may indicate divorce or termination of a domestic partnership (DP) information	Division of the Retirement Services has taken the following actions Added a component to its Domestic Relations Order procedure to have Member Services Bureau staff send a job to the Employer Services Section after they review WRS-related divorce documents to make sure the changes are made to the health insurance coverage. Also DRS added content to ET-4928, the form that ETF sends to acknowledge the receipt of a Domestic Relations Order, stating that it is the member's responsibility after divorce or a termination of a DP to notify their employer so their former spouse or domestic partner can be removed from their insurance coverage Inquired about the feasibility of using queries from the Wisconsin Circuit Courts Access (WCCA) System for data cross checking and concluded that the use of WCCA does not appear to be practical.	Kathy Wienkes - ESS	October 2017	Closed (as of February 2016)
		ETF should improve communication, education, and increase awareness of compliance requirements	The Employer Services Section (ESS) will ensure this topic is included in the 2017 IYC open enrollment period materials.	Kathy Wienkes - ESS	November 2016	Closed
			Additionally, ESS will work on getting this topic highlighted in all future communications on the ETF website. This will include revisions to both the state and local health insurance employer administration manuals.			Closed
			The Office of Strategic Health Policy (OSHP) and ESS plan to work with DOA for potential work rule mandate of timely coverage removal upon divorce or other qualifying event.	Lisa Ellinger - OSHP	November 2017	Closed due to cancellation
			OSHP also plans on reviewing and potentially modifying both the state and local health insurance contracts with health providers to provide that timely notice of a qualifying event must be given to the employers.			/Closed
		ETF should enhance communication and provide clear instructions to employers to improve COBRA compliance	ESS is currently providing training through webinars on COBRA compliance to employers. However, ESS plans to cover this topic in greater detail in the "Health Insurance Eligibility" and "MyETF Benefits" employer webinars. ESS plans to continue these employer webinars year round.	Kathy Wienkes - ESS	October 2016	Closed
			In addition, ESS plans to update both the state and local employer health insurance manuals in order to cover the employer requirements on this topic in greater detail.		January 2016	Local Manual Closed
					November 2015	State Manual Closed (Chapter 5, Section 505)

Audit	Report Date	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
WRS Employer Reporting	March 2016	**To be followed-up by DRS:**				
		Expand the Employer Compliance Review Program to include: hours, payroll screen shots, sample testing ineligible employees on an employer's payroll	DRS will broaden its review to include a sampling to verify employee hours and ineligible employees. In addition, DRS will include more samples of payroll screen shots for applicable employers.	Jeff Miller	Second Quarter of 2016	Closed
		Follow-up with employers who routinely report and/or pay late and provide education and/or training	DRS ESS case manager will follow-up with the employers identified by this audit, the monthly remittance report tracking sheet and staff. The follow-up will serve as an opportunity to educate the employers and answer any questions they have.	Kathy Wienkes	July 2016	Closed
		Educate employers on sending PII information securely	DRS will work with OPPC to communicate privacy risks and tips to employers	Matt Stohr	Next 2016 Employer Bulletin	Closed (Sept 2016)
		Collect WRS earnings and hours at the employee level more frequently than on an annual basis	Will be in place with BAS Rollout 2	Matt Stohr	January 2019	Closed due to cancellation
		To be followed-up by DTF:				
		Charge interest when employers do not report earnings and contributions timely	Will be in place with BAS Rollout 2	Laura Vang	January 2019	Closed due to cancellation
Full File Compare Process	May 2016	**To be followed-up by DRS:**				
		Improve management oversight; create detailed procedures and work manual; define and standardize communication protocols with health plans	Management agreed with the recommendations and will implement corrective actions based on the resource availability and priority.	Jaymee Meier	January 2017	Closed
		Evaluate the data being compared by the FFC to align the reconciliation effort with the objective of the process; review the data being captured by MEBS to ensure only accurate and relevant data will be migrated to BAS		Matt Stohr	December 2018	Closed
		Communicate and coordinate with the health plans for a synchronized and prioritized approach to eliminate the accumulative effect of delayed FFC exception resolution		Matt Stohr	November 2016	Closed
		To be followed-up by Bureau of Information Technology Services (BITS):				
		Monitor account access activities of the secured FTP site and disable inactive accounts	Current inactive accounts were disabled; monitoring would be implemented in July	Mark Robinson	August 2016	Closed
OFAC	November 2016	Document all procedures used to verify OFAC Compliance and conduct risk assessment of OFAC compliance	Management agreed with the recommendation	Blain Parsons	January 2017	Closed
		Consider incorporating system controls in BAS implementation	Management agrees a system control would be ideal and has requested the implementation of a warning feature to be considered as part of the BAS project. In addition, management has requested the payroll process be enhanced to include an automated solution for the overall OFAC process as part of the BAS project.		TBD	Closed. Will be part of new system implementation

Audit	Report Date	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
Tax Reporting and Tax Payment-Withholding	January 2017	Develop written procedures to document the improved withholding tax process that is currently in place	Management will ensure the state and federal withholding tax process is fully documented	Blain Parsons	March 2017	Closed
		Start cross-training a backup person once the procedures are documented	Until additional staffing is approved and hired, management will work with existing staff to train and provide backup of essential tax functions.			Closed
TASC	August & September 2017	See the TASC tab of the work book (separate report)				
Invoice Processing Audit	November 2017	Make additional revisions to updated procedural documentation and ensure it remains current	Documentation updated to incorporate all audit recommendations and a quarterly review will be implemented.	Sheila Handrick and Bonnie Cyganek	February 2018	Closed
		Implement steps to ensure all invoices are accurately processed and all payments are adequately supported and approved by taking the steps outlined in the audit recommendation	Management agreed with the recommendation. See action plan in the report.	Bonnie Cyganek	September 2018	Closed
		Train staff for Prompt Payment Law details, update documentation regarding tracking late payments, and perform monitoring of timeliness of payments and any interest paid.	Management will develop a Prompt Payment training. In addition management has implemented ongoing monitoring of timeliness of payments and payment of interest, to be tracked via a newly developed metric.	Bonnie Cyganek	January 2018	Closed
HIPAA	March 2018	Develop a process to track what needs to be updated and ensure that updates are published in a timely manner	OPPC will ensure that updates to the HIPAA privacy policies are made as necessary and will follow through to ensure that the updates are properly and timely published	Steve Hurley Mary Alice McGreevy	08/31/2018. Introduction to HIPAA Revised. 8/29/2018	Closed.
		Formalize the written policy and procedure for notifying the media of potential large breaches to ensure a timely and orderly response that is in compliance with HIPAA	Agreed	Steve Hurley Mary Alice McGreevy	08/31/2018. HIPPA Policy #21 created. 8/31/2018	Closed.
Cash Reconciliation Process Audit	May 2018	DTF complete the monthly cash reconciliation each month, and in a timely manner.	DTF will update the written procedures to include a timeframe for completing and reviewing cash reconciliation. Management believes the risk of financial misstatement in ETF's annual CAFR is low if the reconciliation is not completed timely, therefore, management has decided to perform this reconciliation quarterly going forward.	Marilyn Lim	July 31, 2018	Closed
		DTF complete and update procedural documentation for daily and monthly cash reconciliation processes.	Recommendation was fully implemented when follow-up audit work was performed so no Management Response, Responsible Staff or Estimated Completion Date required.	n/a	n/a	Closed
		DTF research the $2.9 million variance in cash between ETF and SWIB cash balances and resolve the variance.	Recommendation was fully implemented when follow-up audit work was performed so no Management Response, Responsible Staff or Estimated Completion Date required.	n/a	n/a	Closed

Audit	Report Date	Recommendations	Management Responses	Responsible Staff	Estimated Completion Date	Status
Non-Retirement Program Payments Audit	September 2018	DTF should work with program managers to ensure invoiced amounts are further substantiated including steps outlined in the audit recommendation.	DTF staff will work with OSHP staff to better define and document roles and responsibilities for reviewing and approving invoices related to Delta Dental and Navitus expenses. DTF will also discuss and assess the risk of inappropriate payments and implement additional controls based on that risk assessment.	Dave Ehlinger	~~12/31/2018~~ 4/1/2019	Closed
COOP Plan Audit	February 2019	The COOP Implementation Team Directors, as the owner of the COOP Plan, should ensure ETF has a comprehensive IT disaster recovery strategy that is integrated with enterprise COOP Planning efforts for all critical ETF and DOA-DET provided IT services, and develop a process to document and implement the IT Disaster Recovery Plan	Management agrees. The Bureau of Information Technology Services (BITS) has outlined a process for documenting and implementing ETF's IT Disaster Recovery Plan that will include: • Finalized plan and procedure documentation for the COOP WFH Plan • Recommendations for a more robust alternative to the current DET solution for back-up of business applications • Documentation of DET- and ETF-specific recovery responsibilities • A draft agreement for DET to secure an IT-focused alternate site, network set-up plan, and all other necessary DET services needed to recover agency	BITS Chief Information Officer, COOP Implementation Team Directors	December 31, 2019	In Progress
		To ensure the accuracy and completeness of COOP Plan content, the COOP Implementation Team Directors should develop a process that requires division/office management to conduct a secondary review of the Plan content and implement a consistent annual review of all existing and updated content maintained in Sustainable Planner. The annual review should include a reassessment of all essential and non-essential services to identify any needed Plan changes.	Management agrees. The Sustainable Planner application only shows completion status of component surveys and lacks a reporting query for review status. A process improvement will be made by the Deputy Agency Continuity Manager to ensure validation by all COOP management (including all Call Tree Leads/Back-ups, Business Service Plan Owners and division management) is documented in our COOP records.	Deputy Agency Continuity Manager	December 31, 2019	In Progress
		The COOP Implementation Team Directors continue efforts to bring the Plan up to date and develop a long-term strategy to ensure: • The Plan is complete and stays current; • Only the authoritative copy is maintained; and • The Plan is strategically organized for easy access and maintenance.	Management agrees. Content reorganization in the shared drive was completed. The COOP Team is in the process of determining the appropriate locations for housing all official COOP Plan content to ensure a systematic approach to content management including documentation of the frequency and validation of content updating. Content management will also include dedicated work sessions to complete the development of the ETF Connect COOP site on the Share Point platform. The revised Facilities Checklist has been drafted and re-scoped so that two separate Advance Teams – one facilities- and safety-specific, the other IT-specific - now assume responsibility for advance alternate site preparations in the event DOA COOP/COG assigns one to ETF.	Deputy Agency Continuity Manager, COOP Implementation Team	December 31, 2019	In Progress

Open Audit Issues Report as of May 17, 2019 - TASC						
Audit	Report Date	Recommendation	Recommendation Detail	Responsible	Estimated Completion Date	Status
Wipfli LLP	August 15, 2017	1. Segregation of duties	Segregate duties related to Premium Service Specialist and restrict system access to one function	TASC		Closed
		2. Secondary review of billing for claims and adjustments	1. Establish a secondary review process and sign-off by TASC employee other than employee that is performing the procedures.	TASC		Closed
			2. Refine the weekly invoice report structure in order to provide the proper level of detail necessary to validate the claims.	TASC	~~Sept. 2018~~ ~~Nov. 2018~~ March 1, 2019	Closed
		3. Claims substantiation documentation	Ensure all substantiated claims have proper documentation as required by federal regulations	TASC	May 2018	Closed
		4. Manual Adjustments	1. Create a periodic report that captures all manual adjustments for a given period.	TASC		Closed
			2. Implement a process to two or more levels of review of the manual adjustment report.	TASC		Closed

			Open Audit Issues Report as of May 17, 2019 - TASC			
Audit	**Report Date**	**Recommendation**	**Recommendation Detail**	**Responsible**	**Estimated Completion Date**	**Status**
		5. Integrity of the EV1 (WEX) system data	1. Work with the eight Payroll Centers to standardize and cleanse the employee data with EV1 (WEX) to ensure that Social Security numbers are consistently being utilized for employee identification and other data fields are updated and current.	TASC & Payroll Centers	~~Nov 2018~~ ~~April 1, 2019~~ August 1, 2019	In progress
			2. Ensure employees' carryover amounts are properly accounted for and transferred from one plan year to the next, throughout the	TASC & ETF	May 2018	Closed
ETF Office of Internal Audit	**September 7, 2017**	1. Accuracy of contributions posted to participant accounts	1. Implement controls to ensure that FSA and HSA contribution amounts from Payroll Center files are uploaded and posted to accounts completely and accurately.	TASC	June 2018	Closed
			2. Implement controls to ensure that manual adjustments are made accurately.	TASC	April 2018	Closed
		2. Reconciliation between contributions withheld, reported, and paid	1. Implement a control to ensure deductions taken from participants' payroll, contribution data reported to TASC, and the Payroll Centers' payment made to ETF and TASC for contributions all agree.	Payroll Center	~~April 1, 2019~~ August 1, 2019	In Progress

			Open Audit Issues Report as of May 17, 2019 - TASC			
Audit	**Report Date**	**Recommendation**	**Recommendation Detail**	**Responsible**	**Estimated Completion Date**	**Status**
			2. All necessary adjustments affecting the dollar value of contributions be processed through the contribution file during the upcoming pay period, rather than through a manual adjustment process.	Payroll Center	April 1, 2019	Closed
		3. Compliance with program contribution limits	1. Implement system controls to limit contributions by the annual program limits for FSAs.	TASC	Nov 2018	Closed
			2. Review employer contributions for HSA programs prior to each year end to ensure they are compliant with program rules and that necessary corrections can be made.	Payroll Center	March 2018	Closed
			3. Review total FSA contributions by participant when reviewing the annual Plan Finalization Report to ensure they are compliant with program rules.	ETF	July 2018	Closed
		4. ETF's review of the annual plan finalization report	Conduct a thorough review of the Plan Finalization Report annually to ensure activity is consistent with program rules, and work with the third party administrator and Payroll Centers to resolve any issues identified, and that ETF defines who is responsible for the review.	ETF	~~Dec 2018~~ April 1, 2019	Closed
		5. Administrative billing for terminated participants	1. Develop procedures to ensure terminated HSA participants are directly billed for administrative fees and that ETF is not billed for those accounts.	TASC	March 2018	Closed
			2. Review its procedures to bill ETF for administrative fees to ensure billing for terminated FSA accounts is appropriate based on program termination rules.	TASC	March 2018	Closed

Open Audit Issues Report as of May 17, 2019 - TASC						
Audit	Report Date	Recommendation	Recommendation Detail	Responsible	Estimated Completion Date	Status
			3. Include employment status and termination date columns in the administrative billing detail provided to ETF.	TASC	Completed	Closed
			4. Work with Payroll Centers to ensure termination information is reported consistently.	TASC	Nov 2018	Closed

Internal Audit Plan - Draft
FY 2020 – FY 2021

Office of Internal Audit

May 24 2019

Board	Mtg Date	Item #
AUD	6.20.19	5

EXECUTIVE SUMMARY

The Office of Internal Audit (OIA) is submitting this audit plan (Plan) for biennial period FY2020 and FY2021, as required by the Internal Audit Charter and by the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing.

The Plan is a critical document that ensures internal audit resources are used efficiently and effectively to fulfill its mission of enhancing and protecting ETF value through risk-based and objective assurance, advice and insight.

This Plan includes, Part I, 19 projects that will be preformed by the OIA and, Part II, 13 information technology (IT) projects that will be performed by a consulting firm specialized in IT auditing and consulting services. 6 potential IT projects for FY 2022 and beyond are included for reference. Third party administrator (TPA) audits and vendor audits by independent auditors during the planning cycle are also included to provide a full picture of audit coverage of ETF. (See Appendix C)

The Plan is a dynamic document that changes during the planning cycle in response to the changes in business risks, timing of ETF initiatives, and resource availability. Any significant deviation from the approved Plan will be communicated to the Audit Committee of the ETF Board through quarterly activity reports. An annual status update of the Plan will be provided to the Audit Committee prior to each fiscal year end.

PART I – Non Information Technology Audit Plan

A RISK-BASED AUDIT PLANNING APPROACH

The OIA used a systematic approach in identifying critical risks to develop the Plan. The risk assessment results were summarized and prioritized into an overall audit plan that addresses critical risks while taking into consideration ETF's operational needs and available resources. (See Appendix A for Budget.) The following was the approach taken in developing the Plan:

Scope Understanding	Information Gathering	Information Analysis	Audit Plan Development	Audit Plan Approval

• Gained understanding of current risk environment by reading publications, attending professional conference and training
• Gained understanding of ETF's strategic objectives and key initiatives by attending Leadership Team Meetings and other executive and management meetings
	• Updated the risk and control assessment criteria
	• Created audit universe based on ETF's Business Capability Model of Enterprise Architecture
	• Updated risk assessment template and instructions
	• Surveyed divisions/offices on their assessment of risks
		• Gathered and assessed input from members of management team, and subject matter experts
		• Developed a preliminary Plan based on interviews, risk assessment results and available resources
			• Discussion with the Secretary's Office on
			  • Risk assessment results
			  • Concerns and priorities of the Executive Team
			  • Potential audit focus areas
			• Gathered input from the Audit Committee members and made necessary adjustments to the Plan
			• Finalized draft audit plan for approval
				• Review and discuss the proposed Plan with the Audit Committee in the June Audit Committee Meeting
				• Obtain Audit Committee approval
				• Publish the Audit Plan on ETF intranet

TYPES OF PROJECTS TO COVER RISK AREAS

The OIA considered the risk profile of the agency when identifying and prioritizing projects. (See Appendix B for Risk Assessment and Audit Planning.) Different functions and processes will receive different levels of review based on their importance and perceived risks. For example, consulting services will be provided to reduce high residual risk; independent audit and/or agreed upon procedures will be performed to provide reassurance that management identified internal controls are adequate and operating effectively. There are four levels of review that the OIA will use to cover risk areas:

Audit Responding to high and medium risks with assurance provided	• Provide assurance • Issue audit report • Estimated effort of each audit: 160 - 480 hours
Consulting Responding to request for formal study or assessment of high risk areas with a quicker turn around time	• Provide no assurance but provide formal recommendations • Issue consulting report or memo as deliverable; significant deficiency identified would be reported to senior management and the Audit Committee as required by professional auditing standard • Estimated effort of each consulting service: 160 - 320 hours
Agreed-Upon Procedures (AUP) Routine testing of specific data, transactions and calculations	• Perform specific testing procedures agreed to with management • Report on results by issuing brief memo to management • Estimated effort of each project: 80 – 120 hours
Advisory	• Participate in activities in a non-voting member capacity • Provide verbal comments or a brief memo to management

The OIA will continue to explore Computer Assisted Auditing Techniques to develop Agreed-upon Procedures and data analytical capacity for continuous auditing.

RISK THEMES

The OIA compiled risks from all the interview sessions and aggregated them to remove redundancies. The risks were then categorized into the following four "Risk Theme". This process, by its nature, is subjective and based on the auditor's experience and professional judgement.

1 Process and Change Management

Failure to effectively manage business processes and execute changes identified to improve business processes may result in inefficiency, increased cost, low employee morale and poor service delivery.

2 Customer Relations

Lack of customer engagement, communication, and education may result in operation inefficiency, low customer satisfaction and inadequate support of ETF modernization initiatives.

3 Third Party

Inadequate third-party risk management may increase ETF's exposure to regulatory, financial, operational and reputational risks.

4 Transaction Processing

Increased difficulty in supporting legacy applications may result in incorrect, incomplete or untimely transaction processing.

AUDIT FOCUS AREAS

There are a number of discrete risk areas that support the broader Risk Themes identified on the preceding page, as showcased in the table below. These risk areas have been subjectively placed on a heat map on the following page.

1 Process and Change Management

- Disability Annuity Benefits
- Locating Beneficiaries
- Establishing Banking Information for Lump Sum Payments
- Variable Transfer
- Medicare Split Contract Invoicing
- Health Insurance Billing

2 Customer Relations

- Employer Call Center Service
- Member Account Maintenance
- Annual Statement of Benefits Abnormal Balance
- Employer Onboarding
- Employer Compliance Review

3 Third-Party

- SOC Report Review
- TPA Contract Compliance
- TPA Contract Transition

4 Transaction Processing

- Active and Retired Lives Data Extract for Actuarial Valuations
- Health Insurance Deduction in BPS
- Benefit Calculation and Distribution
- Member Account Adjustments
- CEM Data Compilation

HEAT MAP

Based on interviews performed, OIA subjectively mapped the residual risks identified based on Likelihood and Significance to ETF. The results of this mapping exercise plays a role in the prioritization and scheduling of proposed engagements.

Likelihood	Low/Incidental	Moderate	Critical/Significant
Happens or easily could (weekly/monthly)		• Medicare Split Contract Invoicing • Health Insurance Billing • Employer Call Center Service	• TPA Contract Transition
Possible	• Bank Account for Lump Sum Payments • Variable Transfer • Annual Statement of Benefits Abnormal Balance • Member Account Adjustments • CEM Data Compilation	• Disability Annuity Benefits • Locating Beneficiaries • Member Account Maintenance • Health Insurance Deduction in BPS • Employer Onboarding • Employer Compliance Review • SOC Report Review • TPA Contract Compliance • Active and Retired Lives Data Extract	
Unlikely or Rare		• Benefit Calculation and Distribution	

Significance

PROPOSED AUDIT PLAN

OIA developed the Plan based on the risk assessment results, audit coverage across ETF for the past five years, timing of ETF initiatives, and available resources. This plan will be refreshed annually, via inquiry with a select group of leadership / stakeholders, to confirm accuracy based on changing risk conditions and external factors that may impact ETF.

July to Dec 2019

Audit

Active Lives Data Extract

TPA Contract Transition

Health Insurance Billing

Consulting

Annual Statement of Benefits Abnormal Balance

TPA Oversight of SOC reporting and Contract Compliance Audits

Employer Compliance Review

AUP

Benefit Calculation and Distribution

CY 2020

Audit

Retired Lives Data Extract

TPA Contract Transition

Disability Annuity Benefits

Health Insurance Deduction in BPS

Establishing Banking Information for Lump Sum Payments

Member Account Adjustments

AUP

Benefit Calculation and Distribution

Consulting

Employer Call Center Services

Member Account Maintenance

CEM Data Compilation

Employer Onboarding

Employer Compliance Review

TPA Oversight of SOC reporting and Contract Compliance Audits

Locating Beneficiaries

Jan to June 2021

Audit

Variable Transfer

Medicare Split Contract Invoicing

Consulting

Employer Compliance Review

TPA Oversight of SOC reporting and Contract Compliance Audits

AUP

Benefit Calculation and Distribution

ENGAGEMENT DESCRIPTIONS

The tables on this page and the following pages summarize the audit projects to be performed during the planning period, by business processes, defined by the Business Capability Model. Objectives and scopes will be finalized in each project's formal planning phase.

Business Capability - Manage Member and Employer Relations		
Proposed Engagement	**Business Process**	**Engagement Description**
Employer Call Center Service	Manage Employer Call Center	Assess quality of call center service for accuracy and timeliness, and identify areas for improvement
Member Account Maintenance	Provide Member Statement of Account	Evaluate whether member contact information is properly maintained, including review of abandoned account process managed by Member Service Bureau for improvement opportunities
Annual Statements of Benefits Abnormal Balance	Generate Annual Statement of Benefits	Review member accounts with extreme low or negative balances to identify root causes and opportunities for process improvement

ENGAGEMENT DESCRIPTIONS

Business Capability - Manage Benefit Programs		
Proposed Engagement	**Business Process**	**Engagement Description**
Active Lives Data Extract	Active Lives Valuation	Determine accuracy of data extract provided to actuary for the valuation
Retired Lives Data Extract	Retired Lives Valuation	Determine accuracy of data extract provided to actuary for the valuation
TPA Oversight	Manage Health Insurance, Disability, Life Insurance and Deferred Compensation Programs	Facilitate the review of service organization control reports, the assessment of user entity controls and oversee TPA contract compliance audits
TPA Contract Transition	Manage Flexible Spending Account Plan	Ensure accuracy and integrity of data transferred from the existing TPA to the new TPA

ENGAGEMENT DESCRIPTIONS

Business Capability - Manage Benefits Distribution

Proposed Engagement	Business Process	Engagement Description
Disability Annuity Benefits	Receive, Verify and Process Disability	Ensure internal controls are adequately designed and operating as intended for the disability annuity claims process
Locating Beneficiaries	Benefits Distribution	Review the process of locating beneficiaries after the death of the annuitant for improvement opportunities and compliance with Statute
Health Insurance Deductions in BPS	Set up Health Insurance Deduction	Ensure the set-up of health insurance deductions in the Benefit Payment System (BPS) for retirees is coordinated with information in the myETF Benefits system that contains health insurance information
Establish Banking Information for Lump Sum Payments	Process Lump Sum Payroll	Ensure the banking information is updated correctly in the Lump Sum Payment System and BPS for correct processing
Benefit Calculations and Distributions	Benefits Distribution	Semi-annual sample testing of data and transactions to gain additional assurance on WRS benefits calculation and distribution

ENGAGEMENT DESCRIPTIONS

Business Capability - Manage Member Account

Proposed Engagement	Business Process	Engagement Description
Member Account Adjustments	Process Account Adjustments	Review member account adjustment entries in the ONE system, in particular the manual adjustments entered before the Adjustment Processor was in place, to ensure the adjustments are processed and calculated correctly
Variable Transfer	Variable Transfer	Ensure adequate controls are in place for the entering and processing of manual variable transfers between the Core Fund and the Variable Fund

Business Capability - Manage Agency Finance

Proposed Engagement	Functional Area	Description
CEM Data Compilation	Manage Contracts and Vendor	Review data compiled for CEM for accuracy and relevance

ENGAGEMENT DESCRIPTIONS

Business Capability - Support Employers		
Proposed Engagement	**Business Process**	**Engagement Description**
Employer Onboarding	Onboard, Enroll and Maintain Employers	Assess employer onboarding process to identify opportunities for better communication and administration of health benefit information by employer agents for their members
Employer Compliance Review	Employer Reporting	Assist the employer compliance review program of the Division of Retirement Services to ensure appropriate employer reporting
Medicare Split Contract Invoicing	Provide Billing Statement	Ensure the Medicare Split Contract invoicing is working as intended
Health Insurance Billing	Process Invoice	Evaluate the health insurance billing process for adequate controls and improvement opportunities

APPENDIX A - Budget

ESTIMATED OIA HOURS

	Audit Director	Internal Auditors	Summary	
Total Hours - Biennial	4,160	12,480	16,640	100%
			-	
Less			-	
Meetings	640	480	1,120	7%
General Administration	300	320	620	4%
Training	80	240	320	2%
Holidays and Personal	216	648	864	5%
Vacation and Sick Leave	400	1,600	2,000	12%
	1,636	3,288	4,924	30%
Internal Audit Activities				
Audit Recommendation Follow-up	32	144	176	
Audit Manual and Charter Update	40	-	40	
Biennial Audit Planning	280	40	320	
Data Analysis Buildout	40	360	400	
Internal Quality Assurance Review	400	280	680	
Fraud Hotline Monitoring	40	80	120	
	832	904	1,736	
Total Available Audit Hours	**1,692**	**8,288**	**9,980**	**60%**
Planned Project Hours				
Consulting and Advisory	643	429	1,072	
Assurance	1,072	7,660	8,732	
Total Planned Hours	**1,715**	**8,089**	**9,804**	**98%**

APPENDIX B - Risk Assessment And Audit Planning

RISK ASSESSMENT AND AUDIT PLANNING

Risk Definition

Risk is defined as "the possibility that an event will occur and adversely affect the achievement of objectives".

Overall Risk Assessment (Risk Scores)

OIA took each of the auditable areas from the Business Capability Model and assigned an overall risk score based on the following weighted risk factors: Dollar Size or Transaction Volume (15%), Program Complexity (15%), Maturity Level of Business Capability (25%), Control Environment (35%), and Time Since Last Audit (10%). The risk scores were used as an indicator to determine whether detailed risk assessment needed to be performed.

Detailed Risk Assessment *(Likelihood and Impact)*

OIA interviewed Bureau Directors and subject matter experts to confirm the likelihood and impact assessment of specific risks identified of business functions with a risk score of 3 or above. Financial risk, operational risk, reputational risk, compliance risk and strategic risk were considered and analyzed; although fraud risk is generally discussed at this biennial planning phase, typical risk assessment has always been performed at the engagement level. OIA sought input from Division Administrators, Secretary's Office, and Audit Committee to ensure that significant risks or major concerns were captured at this detailed risk assessment phase.

Please refer to **Figure 1** Risk Assessment Guidance for definitions and examples.

Audit Planning

The result of the detailed risk assessment, played a significant role in the prioritization and scheduling of proposed engagements. Also being considered, was the overall audit coverage. OIA analyzed audit coverage across ETF for the past five years when developing the new biennial audit plan to ensure that the new audit plan provides appropriate audit coverage that aligns with the Audit Frequency Guideline of auditing high-risk rating areas within three years, moderate risk rating areas every 4 to 5 years, and low risk areas every 6 to 7 years.

Please refer to **Figure 2** Audit Coverage for the details.

RISK ASSESSMENT AND AUDIT PLANNING (CONT.)

Figure 1. Risk Assessment Guidance – Assessment Criteria and Examples

Impact / Significance Scale								
IMPACT	**Financial***		**Reputation***	**Operational***	**Compliance***	**Strategic***	**Description**	**Example of Operational Risk**
	Statements	Other						
(5) Critical	> $1BLN	Greater than 15% of operating budget or program assets	Irreversible damage to ETF reputation and credibility; Irreversible loss of member confidence	Complete stoppage of business services for foreseeable future	Violation(s) resulting in widespread data loss, monetary fines, regulatory intervention, etc.	Failure to meet ETF's strategic goals	The risk will cause the objective to not be achieved	No training can be provided to users before the deployment of the new system
(4) High	$100M - $1BLN	Between 10% and 15% of operating budget or program assets	Adverse media exposure is persistent and in multiple publications; Increase in member inquiries	Widespread disruption to service levels, business activities, and/or critical processes	Significant violation(s) of laws, guidelines, or breach of fiduciary duty	Significant delays or reductions in scope of ETF's goals	The risk will cause major elements of objectives to be delayed or not be achieved	Limited training will be provided to some users before the deployment of the new system
(3) Moderate	$1M - $100M	Between 5% and 10% of operating budget or program assets	Media exposure includes criticism from several sources; Members remain confident	Temporary disruption to service levels and/or business activities; Minor impact on critical processes	Moderate violation, potentially leading to increased scrutiny	Delays or revisions to ETF's strategic goals	The risk will cause some elements of objectives to be delayed or not be achieved	Adequate training will be provided to critical users before the deployment of the new system
(2) Low	$100K - $1M	Between 1% and 5% of operating budget or program assets	Local/limited media exposure having minimal impact on reputation	Minor/temporary impact to service levels and/or business activities; No impact to critical processes	Minor legal/compliance violations	Minor delays or revisions to goals	The risk will cause some minor elements of objective to be delayed	Adequate training will be provided to the majority of users before the deployment of the new system
(1) Incidental	<$100K	Less than 1% of operating budget or program assets	No impact to ETF's reputation	No impact to service levels, business activities or critical processes	No legal/compliance violations	No impact to achievement of goals	The risk will not substantively impede the achievement of the objective	Adequate training will be provided to all users before the deployment of the new system

Likelihood/Probability Scale				
PROBABILITY	**Description**	**Example of Operational Risk**	**CONSIDERATIONS**	
	Within the time horizon contemplated by the objective	Objective: adequate training is provided to all users before the deployment of the new IT system	**Inherent**	**Residual**
(5) Expected	The risk is expected to occur	No resource is attainable to provide required training	- Program Complexity - Regulatory Environment - Estimates Used - Susceptibility to Change - Historical Experience - Frequency/volume of activity - External Oversight - Number of processes and systems involved	- Overall control environment: culture and ethical value; organization structure; oversight and accoutability - Risk identification and analysis - Internal control activities - Policies and procedures - Skills and competencies of staff performing control activities
(4) Likely	The risk is seen as likely to occur	Resource is very limited to provide required training		
(3) Possible	The risk is seen as probable to occur	Additional resource needs to be brought in to provide required training		
(2) Unlikely	The risk is seen as unlikely to occur	Current resource can be re-arranged to provide required training		
(1) Remote	The risk is seen as very rare to occur	Current resource is almost certain to be able to provide required training		

*Financial Risk - Risk that could result in a negative financial impact to the organization in term of waste or loss of assets / financial statement material misstatement/misrepresentation
*Reputational Risk - Risk that could expose the organization to negative publicity
*Operational Risk - Risk that could disrupt operations or prevent the organization from operating in the most effective and efficient manner
*Compliance Risk - risk that could expose the organization to fines and penalties from a regulatory agency due to non-compliance with laws and regulations
*Strategic Risk - Risk that would prevent an organization from accomplishing its mission and strategic goals
Fraud Risk is tipically discussed at the planning stage, but further assessed at the engagement level

Figure 2. Audit Coverage

		Risk Assessment			Audit Coverage (Calendar Year)						
		Overall Score	Inherent Risk	Residual Risk	2015	2016	2017	2018	2019	New Audit Plan	
Auditable Areas – by Business Capability Model											
10.4	Manage Change	4.62	High	High						×	*
2.8	Manage Sick Leave Conversion Program	3.65	Medium	Low							
1.6	Provide Employer Communications	3.48	Medium	Low							
4.3	Process Member Requests	3.45	Medium	Low							
1.4	Provide Member Communications	3.42	Medium	Low							
1.1	Provide Member Customer Assistance	3.38	Medium	Low							
5.4	Employer outreach and training	3.37	Medium	Low							
8.2	Manage Legal and Ethical Issues	3.37	Medium	Low							
2.5	Manage Life Insurance Program	3.33	Medium	Low							
11.4	Manage Employee Relations	3.32	Medium	Low							
11.5	Manage Employee Rewards and Retainment	3.30	Medium	Low							
11.3	Manage Employee on Boarding, Development, and Training	3.22	Medium	Low							
8.1	Manage Government and Industry Relationships	3.19	Medium	Low							
8.3	Manage Public Relations Program	3.19	Medium	Low							
2.7	Manage Supplemental Plans	3.19	Medium	Low							
11.8	Manage Employee Communication	3.17	Medium	Low							
11.7	Manage Employee Information and Analytics	3.17	Medium	Low							
11.9	Manage Facilities	3.17	Medium	Low							
7.3	Manage Accounts Receivable	3.13	Medium	Low							
11.2	Recruit, Source, and Select Employees	2.63	Medium	Low							
2.4	Manage Deferred Compensation Program	2.58	Medium	Low							
13.3	Manage Accounts Payable and Expense Reimbursements	2.20	Medium	Low			×				
10.1	Manage business processes	4.25	High	Medium						×	*
10.2	Manage Portfolio, Programs and Projects	3.96	High	Medium						×	*
10.6	Manage Organizational Performance	3.92	High	Medium						×	*
5.2	Employer Reporting	3.85	High	Medium		×		×		×	
4.1	Maintain Member Data	3.80	High	Medium						×	
1.5	Educate and Engage Employer About Available Benefits	3.70	High	Medium							
1.2	Provide Employer Customer Assistance	3.65	High	Medium						×	
4.2	Validate Member Data	3.62	High	Medium						×	
1.3	Educate and Engage Member About Available Benefits	3.61	High	Medium						×	
11.1	Develop and Manage HR Planning, Policies, Strategies	3.56	High	Medium							
2.2	Manage Health Insurance Programs	3.56	High	Medium	×	×				×	
5.1	Onboard, Enroll and Maintain Employers	3.51	High	Medium						×	
5.3	Provide Billing Statements	3.50	High	Medium						×	
2.1	Manage Wisconsin Retirement System Program	3.46	High	Medium						×	
13.4	Manage Contracts and Vendors	3.45	High	Medium				×		×	
7.2	Manage Financial Reporting	3.30	High	Medium							
14.3	Manage Policy and Compliance	3.27	High	Medium				×		×	
6.1	Determine Retirement Eligibility	3.21	High	Medium				×			
7.1	Account for Benefit Activity	3.13	High	Medium				×			
3.1	Receive Benefit Application	3.04	High	Medium						×	
3.4	Calculate Payment	3.02	High	Medium		×				×	
2.3	Manage Disability Programs	3.02	High	Medium	×				×		
7.4	Manage Tax Compliance and Reporting	2.98	High	Medium		×	×				
13.1	Manage Procurement	2.97	High	Medium					×		
6.2	Prepare Benefit Estimates:	2.83	High	Medium				×			
3.2	Verify Eligibility	2.81	High	Medium	×			×	×	×	
13.2	Manage Agency Operating Budget	2.75	High	Medium							
3.5	Issue Payment	2.72	High	Medium		×				×	
2.6	Manage Flex Spending Account Plan	2.68	High	Medium			×			×	
3.3	Process Benefit Applications/Payment Requests	2.62	High	Medium			×			×	
10.5	Develop and Manage Enterprise Knowledge	4.29	Medium	Medium							
6.3	Provide Member Planning Sessions (counseling)	3.89	Medium	Medium							
11.6	Manage Employee Redeployment & Retirement	2.85	Low	Low							
12.1	Develop and Maintain Business Partnerships									outsourced	
12.2	Develop and Execute Business –to-Technology Strategy									outsourced	
12.3	Optimize IT Quality & Velocity									outsourced	
12.4	Manage Enterprise Information									outsourced	
12.5	Exploit Technology & Innovation									outsourced	
12.6	Manage Technology Services/Solutions									outsourced	
12.7	Architect & Integrate Solutions									outsourced	
14.2	Manage Enterprise Risk									outsourced	

*Consulting hours reserved

PART II – Information Technology Audit Plan

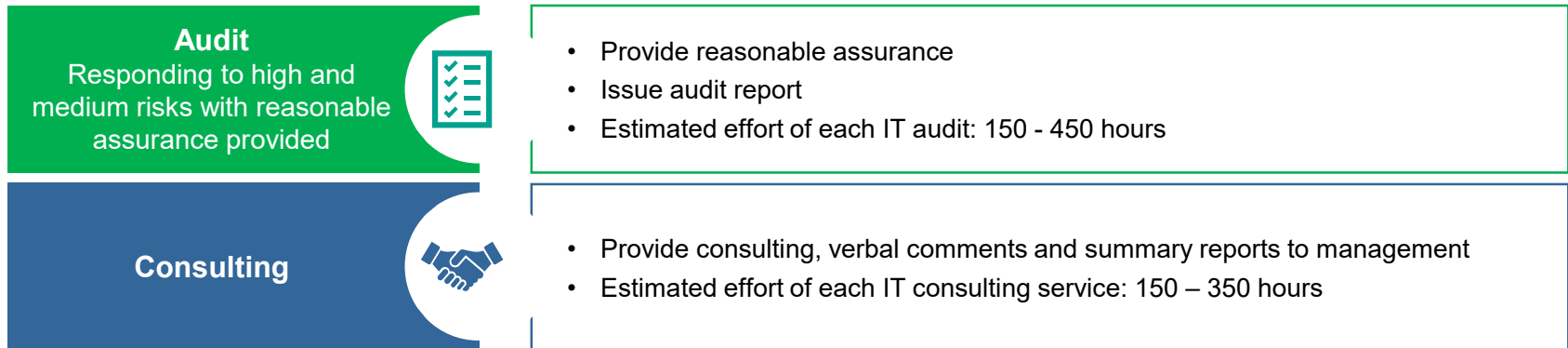# *A RISK-BASED AUDIT PLANNING APPROACH*

Using a systematic approach to conduct an IT audit risk assessment is a foundational step to form the basis for future IT audit activities. The risk assessment results were summarized and prioritized into an overall audit plan that addresses critical risks while taking into consideration ETF's operational needs and available resources. The following was the approach taken in developing the IT audit plan:

Scope Understanding	Information Gathering	Information Analysis	Audit Plan Development	Audit Plan Approval

• Gained understanding of ETF's IT environment by reviewing IT strategic objectives, key initiatives, policies and procedures, and prior audit results	• Interviewed members of IT management team, and subject matter experts from representative business areas and assessed their input
	 • Created IT risk register
		• Created heat map using the defined impact and likelihood criteria
		 • Developed a preliminary IT audit plan based on risk assessment results
			• Discussion with ETF management on
			   • Risk assessment results
			   • Concerns and priorities
			   • Timelines of proposed engagements
			 • Finalized draft IT audit plan for approval
				• Review and discuss the proposed IT audit plan with the Audit Committee in the June Audit Committee Meeting
				 • Obtain Audit Committee approval

TYPES OF PROJECTS TO COVER IT RISK AREAS

The OIA considered the risk profile of the agency when identifying and prioritizing projects. Different functions and processes will receive different levels of review based on their importance and perceived risks. For example, independent audits will be performed to provide reasonable assurance that management identified internal controls are adequate and operating effectively; while, consulting services will be provided to reduce high residual risk.

There are two levels of review will be used to cover IT risk areas:

Audit Responding to high and medium risks with reasonable assurance provided	• Provide reasonable assurance • Issue audit report • Estimated effort of each IT audit: 150 - 450 hours
Consulting	• Provide consulting, verbal comments and summary reports to management • Estimated effort of each IT consulting service: 150 – 350 hours

RISK THEMES

Risks were compiled from all the interview sessions and aggregated to remove redundancies. This process, by its nature, is *subjective* and based on the team's collective experience performing these types of assessments. The risks were then categorized into the following four "Risk Themes".

1 Information Security

Failure to properly protect sensitive information for employees may result in unauthorized use and/or disclosure.

2 IT Organizational Effectiveness

IT processes may not be consistently designed and executed to provide reasonable protection against general IT risks. Unauthorized or unintended changes to critical systems and sub-systems may negatively impact the integrity of applications.

3 Legacy Application Support

Changes to code and the inability to provide technical support in a timely manner may result in downstream issues and inefficiencies and may potentially impact users when performing their day to day tasks.

.

4 Business Continuity Management

Critical business processes and supporting technology systems may not be available or recoverable to an acceptable level in the event of a significant disruption.

AUDIT FOCUS AREAS

There are a number of risk areas that support the broader Risk Themes identified on the preceding page, as showcased in the table below. These risk areas have been subjectively placed on a heat map on the following page.

1 | **Information Security**

- Data Protection
- Data Classification
- End Point Configuration
- Identity Access Management (IAM)
- Network Monitoring
- Records Retention
- Segregation of Duties (SoD)

2 | **IT Organizational Effectiveness**

- DET Roles & Responsibilities
- E-Discovery
- IT Process Documentation
- IT Portfolio Management
- IT Project Management
- IT Resource Management (People)
- IT Training / Skillsets
- Third Party Vendors

3 | **Legacy Application Support**

- IT Architecture
- Legacy Application Support
- System Implementation
- Data Quality

4 | **Business Continuity Management**

- Business Continuity
- Disaster Recovery

APPENDIX C – Third-Party Administrator and Vendor Audits

TPA AND VENDOR AUDITS

Program	TPA / Vendor	Service Type	Audit Firm
Deferred Compensation Program	Empower Retirement	- Contract Compliance Audit - Financial Statement Audit	- Wipfli - TBD
Income Continuation Insurance (ICI)	The Hartford	Contract Compliance Audit	Wipfli
Pharmacy Benefit Manager	Navitus	Contract Compliance Audit	PillarRx
Employee Reimbursement Account/HSA/Commuter Benefits	- TASC (CY 2019) - CYC (CY 2020)	Contract Compliance Audit	Wipfli
Life Insurance	Securian	Contract Compliance Audit	Wipfli
Uniform Dental	Delta Dental	Contract Compliance Audit	CTI
ICI and Duty Disability	Milliman	Actuarial Valuation Audit	The Segal Company
Accumulated Sick Leave Conversion	Gabriel Roeder Smith & Company	Actuarial Valuation Audit	Milliman