

2019 DRAFTING REQUEST

Bill

For: **Administration-Budget 266-3382** Drafter: **mmcgreev**
 By: **Sherwin** Secondary Drafters:
 Date: **12/6/2018** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email:
 Carbon copy (CC) to: **doasbostatlanguage@wisconsin.gov**
rick.champagne@legis.wisconsin.gov
fern.knepp@legis.wisconsin.gov
krista.pleviak@legis.wisconsin.gov

Pre Topic:

DOA:.....Sherwin, BB0137 -

Topic:

ETF Internal Auditor

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mmcgreev 12/6/2018	kfollett 12/6/2018			
/P1	mmcgreev 1/4/2019		lparisi 12/6/2018		Retirement
/P2	mmcgreev 2/18/2019	kfollett 1/8/2019	mbarman 1/8/2019		Retirement
/P3	mmcgreev				Retirement

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P4	2/20/2019	kfollett 2/20/2019	mbarman 2/20/2019		Retirement

FE Sent For:

<END>

McGreevy, Mary Alice

From: Hanaman, Cathlene
Sent: Thursday, December 6, 2018 8:53 AM
To: McGreevy, Mary Alice; Knepp, Fern
Subject: FW: Statutory Language Drafting Request - 2019-21
Attachments: ETF Office of Audit.pdf

From: Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Sent: Wednesday, December 05, 2018 3:33 PM
To: Hanaman, Cathlene <Cathlene.Hanaman@legis.wisconsin.gov>
Cc: Kraus, Jennifer - DOA <Jennifer.Kraus@wisconsin.gov>; Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Subject: Statutory Language Drafting Request - 2019-21

Biennial Budget: 2019-21

Topic: Office of Internal Audit

Tracking Code: BB0137

SBO Team: GGCF

SBO Analyst: Derek Sherwin
Phone: 608-266-3382
E-mail: derek.sherwin@wisconsin.gov

Agency Acronym: 515

Agency Number: 515

Priority: High

Intent:

Creation of the Office of Internal Audit within ETF -- LRB statutory language draft included in the agency's biennial budget submission is attached.

Attachments: True

Please send completed drafts to SBOSatlanguage@spmail.enterprise.wistate.us



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-0340/P2
MIM:kjf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

This bill creates the Office of Internal Audit attached to the ETF Board. Under the bill, the office plans and conducts audit activities among other responsibilities. The bill requires the board to appoint an internal auditor outside the classified service who reports directly to the board. Under the bill, the auditor appoints employees outside the classified service to perform services in the Office of Internal Audit.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 15.165 (title) of the statutes is amended to read:

3 **15.165** (title) **Same; attached boards and offices.**

4 **SECTION 2.** 15.165 (5) of the statutes is created to read:

5 **15.165 (5)** OFFICE OF INTERNAL AUDIT. There is created an office of internal audit

6 which is attached to the department of employee trust funds under s. 15.03. The

1 office shall be under the direction and supervision of an internal auditor who shall
2 be appointed by the employee trust funds board and serve outside the classified
3 service. The internal auditor shall report directly to the employee trust funds board.
4 The budget of the office of internal audit shall be transmitted by the department of
5 employee trust funds to the governor without change or modification by the
6 department of employee trust funds, unless agreed to by the employee trust funds
7 board.

8 **SECTION 3.** 16.50 (3) (b) of the statutes is amended to read:

9 16.50 (3) (b) No change in the number of full-time equivalent positions
10 authorized through the biennial budget process or other legislative act may be made
11 without the approval of the joint committee on finance, except for position changes
12 made by the governor under s. 16.505 (1) (c), (2), or (2j), by the investment board
13 under s. 16.505 (2g), by the employee trust funds board under s. 16.505 (2d), or by
14 the board of regents of the University of Wisconsin System under s. 16.505 (2m) or
15 (2p).

16 **SECTION 4.** 16.505 (1) (intro.) of the statutes is amended to read:

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19 created or abolished unless authorized by one of the following:

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22 equivalent auditor position or portion thereof funded from revenues appropriated
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2 internal auditor appointed under s. 15.165 (5) and internal audit employees
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6 the compensation of the employees appointed by the internal auditor.

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9 provide independent assurance that the public employee trust fund assets under the
10 control of the department are safeguarded for the purpose of ensuring the fulfillment
11 of the benefit commitments to individuals under this chapter.

12 (b) The internal auditor shall appoint all employees necessary to carry out the
13 duties and functions of the office of internal audit and the internal auditor. The
14 internal auditor shall appoint all employees outside the classified service. The
15 internal auditor shall fix the compensation of all employees appointed by the
16 internal auditor, subject to approval by the board, to be paid from the appropriation
17 under s. 20.515 (1) (w).

18 (c) The internal auditor may review any activity, information, or record of the
19 department that relates to the administration of the fund.

20 (d) The internal auditor shall plan and conduct audit activities, including
21 external audits, risk assessments, research projects, and management reviews
22 under the direction of the board and in accordance with policies, principles, and
23 directives determined by the board.

1 (e) The internal auditor shall monitor the department's compliance with
2 applicable legal requirements and contracts entered into by the department and the
3 board.

4 (f) Those employees holding positions in the classified service at the
5 department who are performing audit functions on the effective date of this
6 paragraph [LRB inserts date], and who have achieved permanent status in class
7 before that date, shall retain, while serving in the unclassified service at the
8 department, those protections afforded employees in the classified service under ss.
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11 to the classified service as provided under s. 230.33 (1). Those employees of the
12 department holding positions in the classified service on the effective date of this
13 paragraph [LRB inserts date], who have not achieved permanent status in class
14 in any position at the department on that date are eligible to receive the protections,
15 privileges, and rights preserved under this paragraph if they successfully complete
16 service equivalent to the probationary period required in the classified service for the
17 position that they hold on that date.

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19 230.08 (2) (pb) The internal auditor and subordinate employees of the office of
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2 audit employees appointed under s. 40.03 (4m) (b), as identified under s. 230.08 (2)
3 (pb), for one stenographer employed by each elective executive officer, except the
4 secretary of state and the state treasurer, under s. 230.08 (2) (g), for 3 sales
5 representatives of prison industries and one sales manager of prison industries
6 identified under s. 303.01 (10), and for sales and development professional of the
7 historical society employed under s. 44.20 (4) (a).

8

(END)



1013/P2

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

In 12/6
Due 12/7

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8

(END)

McGreevy, Mary Alice

From: Sherwin, Derek - DOA
Sent: Thursday, December 27, 2018 11:37 AM
To: McGreevy, Mary Alice
Subject: LRB 19-1013 & 19-0760
Attachments: 19-1013_P1.pdf; 19-0760_P1.pdf

Good morning,

I have a couple of requested changes to statutory language requests that I entered through SharePoint earlier this month. Please let me know if you have any questions or wish to discuss – thank you for your help.

19-1013

The scope of the Office of Internal Audit proposal (19-1013 P1) has been scaled back slightly – under the new version, the Office of Internal Audit should be attached to the ETF Board, but unclassified positions will no longer be created and the ETF Board will not have the ability to create or abolish positions as it wishes. Since the Office of Internal Audit already exists (but is currently under the purview of the ETF Secretary, and not the Board), do you think it is necessary to include language that would just transfer the oversight of this Office?

19-0760

The scope of the disability plan changes (19-0760 P1) has also been scaled back. We would like to retain the provision that transfers oversight of the disability programs to the ETF Board, but remove provisions pertaining to changes in the coverage and benefits under the group ICI plan and changes in the employer/employee share of the ICI premium payments. The provisions pertaining to elections for named survivors/beneficiaries and limitations on earned income under the disability annuity would be retained.

Thanks,

Derek Sherwin
Wisconsin Department of Administration
Division of Executive Finance & Budget
State Budget Office
Executive Policy & Budget Analyst
(608) 266-3382



DOA:.....Sherwin, BB0137 - Creation of the Office of Internal Audit within
ETF

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

IN 1/4/19
DWE 1/8/19

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11 230.34 (1) (a) and 230.44 (1) (c) relating to demotion, suspension, discharge, layoff,
12 or reduction in base pay. Such employees shall also have reinstatement privileges
13 to the classified service as provided under s. 230.33 (1). Those employees of the
14 department holding positions in the classified service on the effective date of this
15 paragraph [LRB inserts date], who have not achieved permanent status in class
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7 representatives of prison industries and one sales manager of prison industries
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9 historical society employed under s. 44.20 (4) (a).

10 (END)

McGreevy, Mary Alice

From: Sherwin, Derek - DOA
Sent: Wednesday, February 20, 2019 9:59 AM
To: McGreevy, Mary Alice
Subject: RE: LRB-1013/P2

That sounds good.

Thank you

From: McGreevy, Mary Alice I - LEGIS <maryalice.mcgreevy@legis.wisconsin.gov>
Sent: Wednesday, February 20, 2019 9:56 AM
To: Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Subject: RE: LRB-1013/P2

Hi Derek,

So, eliminate every other part of the bill, do away with the office of internal audit, the duties of the auditor, and just give the board the authority to hire the internal auditor? It would go in s. 40.03 (1), near where the board appoints the secretary and may appoint others. Is that what you want? It would be a single sentence, basically.

M.A.

From: Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Sent: Wednesday, February 20, 2019 9:49 AM
To: McGreevy, Mary Alice <MaryAlice.McGreevy@legis.wisconsin.gov>
Subject: RE: LRB-1013/P2

Hi Mary Alice –

Sorry for the confusion – the office would continue to be under the direction of an Internal Auditor. However, could the draft be adjusted to create a power of the ETF Board under s.15.16 to have authority to hire this Internal Auditor and not have any other mentions of the Office of Internal Audit in the statutes?

Thanks,
Derek

From: McGreevy, Mary Alice I - LEGIS <maryalice.mcgreevy@legis.wisconsin.gov>
Sent: Wednesday, February 20, 2019 9:34 AM
To: Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Subject: RE: LRB-1013/P2

Hi Derek,

Under the bill, the Office is under the direction of an Internal Auditor, who is hired by the ETF Board. Would a director be different from the Internal Auditor? Functionally, right now, it is run by the Internal Auditor.

M.A.

From: Sherwin, Derek - DOA <Derek.Sherwin@wisconsin.gov>
Sent: Wednesday, February 20, 2019 9:32 AM
To: McGreevy, Mary Alice <MaryAlice.McGreevy@legis.wisconsin.gov>
Subject: LRB-1013/P2

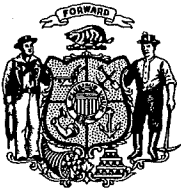
Hi Mary Alice-

For the draft pertaining to the ETF Office of Internal Audit, I think we would like to include a statutory provision that authorizes the ETF Board to hire the Office director – however, our intent is to include any language in s. 15.03 that creates this office.

Is it possible to create language in s. 15.16(1) that just gives the ETF Board the power to hire the Office director?

Thank you!

Derek Sherwin
Wisconsin Department of Administration
Division of Executive Finance & Budget
State Budget Office
Executive Policy & Budget Analyst
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State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1013(P2) P3
MIM:kjf

18 p4

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5 directly to the employee trust funds board. The budget of the office of internal audit
6 shall be transmitted by the department of employee trust funds to the governor
7 without change or modification by the department of employee trust funds, unless
8 agreed to by the employee trust funds board.

9 SECTION 3. 40.03 (4m) of the statutes is created to read:

10 → 40.03 (4m) OFFICE OF INTERNAL AUDIT. (a) The office of internal audit shall
11 provide independent assurance that the public employee trust fund assets under the
12 control of the department are safeguarded for the purpose of ensuring the fulfillment
13 of the benefit commitments to individuals under this chapter.

14 (b) The internal auditor may review any activity, information, or record of the
15 department that relates to the administration of the fund.

16 (c) The internal auditor shall plan and conduct audit activities, including
17 external audits, risk assessments, research projects, and management reviews
18 under the direction of the board and in accordance with policies, principles, and
19 directives determined by the board.

20 (d) The internal auditor shall monitor the department's compliance with
21 applicable legal requirements and contracts entered into by the department and the
22 board.

23 (END)

Shall appoint an internal auditor. The internal auditor shall report directly to the board.



State of Wisconsin
2019 - 2020 LEGISLATURE

LRB-1013/P4
MIM:kjf

DOA:.....Sherwin, BB0137 - ETF Internal Auditor

FOR 2019-2021 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT** ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau
RETIREMENT AND GROUP INSURANCE

1. Internal auditor

This bill requires the ETF Board to appoint an internal auditor in the classified service who reports directly to the board.

Because this bill relates to public employee retirement or pensions, it may be referred to the Joint Survey Committee on Retirement Systems for a report to be printed as an appendix to the bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 40.03 (1) (cm) of the statutes is created to read:

3 40.03 (1) (cm) Shall appoint an internal auditor. The internal auditor shall
4 report directly to the board.

5 (END)