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# City of Milwaukee Employees' Retirement Services

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## *Vendor Management Audit*

**JULY 28, 2018**

**EXPERIS FINANCE  
RISK ADVISORY SERVICES  
WISCONSIN OFFICE**

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## EXECUTIVE SUMMARY

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### Background

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At the direction of the Administration and Operations Committee, a Vendor Management Audit was performed during the period June 13 – July 18, 2018. The City of Milwaukee Employees' Retirement System (ERS) has the responsibility of administering the benefits of its member constituency, which is comprised of employees and retirees of the City of Milwaukee and its related agencies.

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### Audit Scope & Objectives

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The objective of the Vendor Management audit was to determine whether ERS has a Vendor Management process that assesses the risk of its vendor relationships and requires appropriate efforts to monitor and mitigate those risks.

The scope of the audit included:

- Vendor contracts' compliance with the City of Milwaukee ERS Vendor Management Guide V.04 (Guide).
- Vendor selection process, including due diligence efforts

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### Overall Assessment

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ERS management has implemented a solid internal control environment for its Vendor Management Approval Process. Based on the results of our review, **no internal control deficiencies** were noted.

Audits are only one part of a comprehensive risk management and control program. Recommendations are provided with the objective to assist the Board, Administration and Operations Committee and management in the effort to eliminate, reduce or mitigate overall risks. A description of the procedures performed are included in the next section of the report.

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**Procedures Performed**

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During the course of the audit the following procedures were performed:

- Reviewed and analyzed 11 of the highest paid vendors in fiscal year 2017.
- Verified that each vendor was properly evaluated during the due diligence process prior to them being utilized.
  - Determined that the ERS verification process considered the importance and criticality of the function to be provided and the Vendor's financial and operational competence.
- Reviewed various ERS Contracts for the following:
  - Contracts complied with the provisions of the Vendor Management Policy.
  - Contracts were properly reviewed by the City Attorney's office or Legal Counsel.
  - Once approved by Legal, contracts were properly approved and executed by ERS management.
- Reviewed the current Vendor Management Policy in order determine that the procedures defined in the policy were being followed and that they were relevant to the current operational environment.