



City of Milwaukee
Employees' Retirement System

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

June 18, 2019

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board has been scheduled for **Monday, June 24, 2019 at 8:15 a.m. in the Employees' Retirement System Conference Room at 789 N. Water Street, Suite 300.** If a quorum of the Board is present, this meeting will convene as a Special Board Meeting. The agenda is as follows:

- I. Approval of Second Amendment To The Contract Between The Employees' Retirement System Of The City Of Milwaukee And Managed Medical Review Organization, Inc.
- II. Discussion of Second Amendment With CenturyLink Communications, LLC.
- III. Approval of A&O Committee Audit Charter and Internal Audit Charter.
- IV. IT Projects Portfolio.
- V. Organizational/Personnel Update.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard J. Allen", is written over the typed name and title.

Bernard J. Allen
Executive Director

BJA:jmw

PLEASE NOTE - Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aids. For additional information or to request this service, please call 414-286-3557.

Bernard J. Allen Date
Executive Director, Employees'
Retirement System

COUNTERSIGNED:

Comptroller Date

Approved as to form and execution:

Office of the City Attorney Date



**MILWAUKEE ERS
DISABILITY RETIREMENT CLAIMS MANAGEMENT SERVICES
EFFECTIVE SEPTEMBER 1, 2019**

MONTHLY ADMINISTRATIVE FEE:		\$750
FIXED COST PER CLAIM		
DISABILITY CLAIM TYPE	PER CLAIM RATE	
Monthly Administrative Fee	As above	
New Claims	\$590 per claim ¹	
Periodic Claim Reviews		
<ul style="list-style-type: none"> • Medical Summary Only² • Claim Management & Medical Summary² 	\$565 per claim \$690 per claim	
Appeal Claim – Medical Summary Clarification from Disability NCM	\$235 per hour	
Medical Assessments ^{3,4,5}		
<ul style="list-style-type: none"> • Independent Medical Evaluation (IME)⁶ • Independent Psychiatric Evaluation (IPE) • Functional Capacity Evaluation (FCE) 	\$1,500 - \$1,700 per exam \$1,550 - \$1,800 per exam \$985 per test	

¹ Claim files up to 700 pages. An additional fee of \$50.00 to be charged for each increment of up to 100 pages in excess of 700 pages.

² Processing time for summaries to be 14 days from receipt of all medical records.

³ MMRO will facilitate the Medical Assessment upon request from the ERS Medical Council or Medical Panel.

⁴ IME charges include medical record review up to 1". Additional charges may apply for medical records in excess of 1".

⁵ IME Addendum Report charges for additional medical records requested after the IME report or additional questions posed.

⁶ The stated price includes the following specialties: Orthopedic, Occupational Medicine, Internal Medicine, Physical Medicine & Rehabilitation, Neurology. Requested specialties by Medical Council/Medical Panel outside of these specialties will be quoted to Milwaukee ERS on a case by case basis.

Memo



To: Bernard J. Allen, ERS Executive Director
From: Manuel Raynal, ERS Systems Manager
Date: June 11, 2019
Re: Remote Office and 789 Internet Service Circuits Renewal

Since September 30th of 2016, the ERS has leased and utilized two fiber optic circuits that provide Internet service from CenturyLink, one at our remote workplace/disaster recovery location at Two Park Plaza (10850 West Park Place, Milwaukee, Wisconsin 53224) and the other at our primary office at 789 North Water Street. The current rate for the Two Park Plaza circuit is \$710.10 per month which translates to \$25,563.60 over the life of the 36-month contract term or \$8,521.20 per year. The current rate for the 789 North Water Street circuit is \$1,701.00 per month which translates to \$61,236.00 over the life of the 36-month contract term or \$20,412.00 per year.

The current agreement with CenturyLink covers the period of September 30, 2016 through September 30, 2019. There are two options to amend the agreement, with the 36-month option extending the agreement for a period of 36 months commencing on September 30, 2019 through September 30, 2022 and the 60-month option extending the agreement for a period of 60 months commencing on September 30, 2019 through September 30, 2024.

Attached to this memo is a bid sheet with quotes from companies in our area to provide a rate comparison on similar services. It is important to note that only CenturyLink can provide fiber optic line Internet service at both Two Park Plaza and 789 North Water Street with the required quality and reliability for what is a critical service for the ERS. Movement to another provider would also result in approximately 3 months' worth of implementation costs for the ERS.

At this time, our recommendation is that the ERS execute on the amendment option to extend the agreement with CenturyLink for 60 months, from September 30, 2019 through September 30, 2024 at a monthly rate of \$708.00 for the Two Park Plaza circuit which translates to \$42,480.00 over the life of the contract or \$8,496.00 per year and \$1,071.00 per month for the 789 North Water Street circuit which translates to \$64,260.00 over the life of the contract or \$12,852.00 per year.



Vendor	100Mbps 789 & 15Mbps RO - 3-Year/36-Month	One-Time Costs	Contract Costs	100Mbps 789 & 15Mbps RO - 5-Year/60-Month	One-Time Costs	Contract Costs	Notes
Airespring - 789	\$755.47	\$0.00	\$27,196.92	\$755.47	\$0.00	\$45,328.20	3-Month ERS Implementation Costs, No Fiber, Bad Reliability & Quality
Airespring - RO	\$523.47	\$0.00	\$18,844.92	\$523.47	\$0.00	\$31,408.20	3-Month ERS Implementation Costs, No Fiber, Bad Reliability & Quality
AT&T -789	\$868.35	\$0.00	\$31,260.60	NA	NA	NA	3-Month ERS Implementation Costs, No Fiber, Bad Reliability & Quality
AT&T - RO	\$518.09	\$0.00	\$18,651.24	NA	NA	NA	3-Month ERS Implementation Costs, No Fiber, Bad Reliability & Quality
CenturyLink -789	\$1,160.00	\$0.00	\$41,760.00	\$1,071.00	\$0.00	\$64,260.00	Existing Vendor, Fiber Optic Line, Best Reliability & Quality
CenturyLink - RO	\$762.00	\$0.00	\$27,432.00	\$708.00	\$0.00	\$42,480.00	Existing Vendor, Fiber Optic Line, Best Reliability & Quality
Earthlink - 789	NA	NA	NA	NA	NA	NA	Cannot Service Our Locations
Earthlink - RO	NA	NA	NA	NA	NA	NA	Cannot Service Our Locations
Megapath -789	\$653.00	\$99.00	\$23,607.00	NA	NA	NA	3-Month ERS Implementation Costs, No Fiber, Bad Reliability & Quality
Megapath - RO	\$494.00	\$99.00	\$17,883.00	NA	NA	NA	3-Month ERS Implementation Costs, No Fiber, Bad Reliability & Quality
TDS - 789	NA	NA	NA	NA	NA	NA	Cannot Service Our Locations
TDS - RO	NA	NA	NA	NA	NA	NA	Cannot Service Our Locations
US Signal - 789	\$1,005.00	\$0.00	\$36,180.00	\$935.00	\$0.00	\$56,100.00	3-Month ERS Implementation Costs, No Fiber, 3rd Best Reliability & Quality
US Signal - RO	\$860.00	\$0.00	\$30,960.00	\$805.00	\$0.00	\$48,300.00	3-Month ERS Implementation Costs, No Fiber, 3rd Best Reliability & Quality
Windstream - 789	\$1,218.25	\$0.00	\$43,857.00	NA	NA	NA	3-Month ERS Implementation Costs, Fiber Optic Line, 2nd Best Reliability & Quality
Windstream - RO	\$573.14	\$0.00	\$20,633.04	NA	NA	NA	3-Month ERS Implementation Costs, No Fiber, 2nd Best Reliability & Quality

Best Option
2nd Best Option
3rd Best Option

789 = 789 N Water ST, Milwaukee, WI 53202
RO = 10850 W Park PL, Milwaukee, WI 53224

Employees' Retirement System of the City of Milwaukee

Administration & Operations Committee Audit Charter May 2019

Purpose

The purpose of this Administration and Operations (A&O) Committee Audit Charter dated May 2019 is to assist the Board Members in fulfilling their oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the agency's process for monitoring compliance with laws and regulations and the code of conduct. Because of the existing member composition of the A&O Committee as well as the limited number of members, this committee will also have responsibility for the Internal Audit function.

- I. AUTHORITY**
- II. RESPONSIBILITIES**
 - (1) Financial Statements**
 - (2) System of Risk Management**
 - (3) Internal Control**
 - (4) Internal Audit**
 - (5) External Audit of the Financial Statements**
 - (6) Agency's Processes for Monitoring Compliance**
 - (7) Special Investigations and Whistleblower Mechanism**
 - (8) A&O Committee Management and Reporting Responsibilities**
- III. MEETINGS**

I. AUTHORITY

The A&O Committee has authority to request the Board to conduct or authorize investigation in to any matters within its scope of responsibility. It is empowered to:

- Recommend independent auditors to be engaged by the agency, review and approve the planned and budgeted fees of the independent auditors, review and evaluate the performance of the independent auditors and obtain Board approval for any proposed discharge of the independent auditors.
- Pre-approve all auditing and non-audit services.
- Resolve any disagreements between management and the audit team encountered during the course of the audit including any restrictions on the scope of the work or access to required information.
- Retain independent accountants, or others to advise the A&O Committee or assist in the conduct of an investigation as necessary.
- Seek any information required from employees, all of who are directed to cooperate with the committee's requests.

II. RESPONSIBILITIES

The committee will oversee the following responsibilities:

(1) Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the external audit, including any difficulties encountered.
- Review the annual financial statements and consider whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles.
- Review with the City Attorney or outside legal counsel the status of legal matters that may have an effect on the financial statements.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.
- Understand how management develops interim financial information, and the nature and extent of external and internal auditor involvement.
- Review interim financial reports with management and the external auditors and consider whether they are complete and consistent with the information known to committee members.

(2) System of Risk Management

- Ensure that the organization has a comprehensive policy on risk management.
- Consider the effectiveness of the organization's risk management system, including risks of information technology systems.
- Consider the risks of business relationships with significant vendors and consultants.
- Review reports on management's self-assessment of risks and the mitigations of these risks.
- Understand the scope of the internal auditor's review of risk management over financial reporting and internal controls and obtain reports on significant findings and recommendations with management's responses.
- Hire outside experts and consultants in risk management as necessary.

(3) Internal Control

- Consider the effectiveness of the organization's internal control system, including information technology security and control.
- Understand the scope of internal auditor's and external auditor's review of internal control over financial reporting and its processes and obtain reports on significant findings and recommendations with management's responses.
- Ensure that the organization has a comprehensive policy on internal control and compliance and periodically review the policies on ethics, the code of conduct and fraud.

- Review the role of the internal auditor's involvement in the governance process, including governance documentation and training.
- Ensure that contracts with external service providers contain appropriate record-keeping and audit language.

(4) Internal Audit

- Assure and maintain through the organizational structure of the agency and by other means, the independence of the internal audit process. Review with management the department charter, objectives, plans, activities, staffing, budget, qualifications, and organizational structure of the internal audit function.
- Obtain the information and training needed to enhance the committee members' understanding of the purpose of internal audits so that the committee may adequately oversee the internal audit function.
- Ensure there are no unjustified restrictions or limitations placed on Internal Audit and internal audit staff. Ensure that internal auditors have access to all documents, information and systems in the organization.
- Receive and review all internal audit reports and management letters. Review any changes in the scope of their internal audit. Review the responsiveness and timeliness of management's follow-up activities pertaining to any reported findings and recommendations.
- Review the performance of Internal Audit periodically.

(5) External Audit of the Financial Statements

- Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit. Pre-approve all services to be performed by the external financial statement auditor.
- Review the independence of the external financial statement audit firm by obtaining statements from the auditors on relationships between the audit firm and the organization, including any non-audit services, and discussing these relationships with the audit firm. Obtain from management a listing of all services provided by the external audit firm.
- Review the performance of the external financial statement audit firm.
- Exercise final approval on the request for proposal, the appointment, and retention or discharge of the audit firm.
- Review and approve the audited financial statements, associated management letter, attestation on the effectiveness of the internal control system and procedures for financial reporting, other required auditor communications, and all other auditor reports and communications relating to the financial statements.
- Define the services that the external financial statement auditor is allowed to perform and the services that are prohibited. Ensure production of a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-procedures and any non-audit services provided.

(6) Agency's Processes for Monitoring Regulatory Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instance of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations, including investigations of misconduct and fraud.
- Review the process for communicating to all affected parties the ethics policy, code of conduct and fraud policy to agency personnel and for monitoring compliance.
- Obtain regular updates from management and organization legal counsel regarding compliance matters.
- Monitor changes and proposed changes in laws, regulations and rules affecting the agency.

(7) Special Investigations and Whistleblower Mechanism

- Institute and oversee special investigations as needed.
- Provide an appropriate confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breaches of internal control to the A&O Committee, City Comptroller's Audit Division-Audit Hotline or City of Milwaukee Ethics Board.

(8) A&O Committee Management and Reporting Responsibilities

- Provide an open avenue of communication between internal audit, the external financial statement auditors, other external auditors, and management Board members.
- Confirm annually that all responsibilities outlined in this charter have been carried out and review the charter on an annual basis to determine updates.
- Report annually to the Board, members, retirees and beneficiaries describing the committee's composition, responsibilities and how they were discharged and any other pertinent information, including approval of non-audit services and proposed changes and ensure appropriate disclosure as may be required by law or regulation.
- Evaluate the committee's and individual member's performance on a regular basis and report to the Board.

III. MEETINGS

The A&O Committee will meet at least four times a year on a quarterly basis. All committee members are expected to attend each meeting. The agendas for meetings should be prepared and provided to members in advance, along with appropriate briefing materials. The committee may invite members of management or others to attend meetings and provide pertinent information as necessary. Minutes will be prepared by and filed with the Board members.

Employees' Retirement System of the City of Milwaukee

Internal Audit Charter May 2019

Purpose

The purpose of this Internal Audit Charter dated May 2019, is to assist the internal auditors in fulfilling their mission and fiduciary responsibilities under the oversight of the Administration and Operations (A&O) Committee. The provisions of this charter apply to the activities of the Employees' Retirement System (ERS) of the City of Milwaukee Internal Audit function only, and should be used for no other purpose. This document includes the following topics.

- I. MISSION**
- II. OBJECTIVES & SCOPE**
- III. INDEPENDENCE**
- IV. AUTHORITY**
- V. ACCESS**
- VI. RESPONSIBILITIES & ACCOUNTABILITY**
- VII. PROFESSIONAL STANDARDS**
- VIII. REPORT DISTRIBUTION & FOLLOW-UP**
- IX. RELATIONSHIP TO PREVENTION, DETECTION & CORRECTION ACTIVITIES**
- X. SIGNATURE SECTION**

I. MISSION

The mission of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the operations of ERS. It assists the Board and the Executive Director in accomplishing their oversight responsibilities by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes. The following are specific tasks to be carried out by Internal Audit to accomplish the mission:

- Supporting the agency's efforts to achieve its objectives through conducting a risk assessment every three years, designing, reviewing and executing an annual audit plan, and providing a wide range of quality independent internal auditing services.
- Assessing the integrity, quality, and efficiency of the systems of internal control.
- Assessing the degree to which ERS complies with various policies, procedures, laws, and regulations in a manner that facilitates operational efficiency, quality of service, and fiduciary responsibility.

- Examining and testing the performance of important control elements.
- Assessing the integrity of the financial reporting processes.
- Communicating results of audit projects through timely written reports delivered to the Board, the Executive Director, and management identified as stakeholders.
- Assessing through follow-up audit projects the degree to which management action plans created in response to recommendations in audit reports are carried out effectively and timely.

II. OBJECTIVES & SCOPE

Auditing Objectives. The objectives of the auditing services are to provide independent assurance to the A&O Committee and management that ERS' assets are safeguarded, operating efficiency is enhanced, and compliance is maintained with prescribed laws and regulations and Board and management policies. These objectives of auditing services include an independent assessment of the agency's risk awareness, reliability and integrity of the organization's data and information, and achievement of the agency's goals and objectives.

Consulting and Advisory Objectives. The objectives of internal audit's consulting and advisory services are to provide ERS management with recommendations for improving processes that will advance the goals and objective to successfully achieve the overall mission of the organization. The objectives will also allow internal audit the opportunity to follow-up with management to ensure action steps were taken to mitigate the risk.

Scope. The scope of work of internal audit is to determine whether the agency's network of risk management, internal control, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Programs are operating within the highest fiduciary standards and are in compliance with the requirements defined in the Federal and State constitutions, laws, and regulations, local government ordinances and rules, and the policies and procedures of the agency.
- Programs and processes are in synchrony with industry best practices, using the best public and private examples and all resources available as benchmarks.
- Significant legislative or regulatory issues impacting the agency are recognized and addressed appropriately and timely.
- Operations, processes and programs are consistent with established missions, objectives and goals and they are being executed in accordance with management's plan.
- Existing policies and procedures are appropriate and updated.
- Internal and external risks are identified and managed.
- Employers appropriately enroll employees, accurately report member earnings, and appropriately report other employee data.
- Interaction with appropriate governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.

- Resources are acquired economically, used efficiently, and adequately protected.
- Quality service and continuous improvement are fostered in the organization's control process.
- Contractors, including third-party administrators, are meeting the objectives of the contracts, while in conformance with applicable laws, regulations, policies, procedures and best practices and the agency's contract monitoring process is effective to ensure minimal risk.
- Responsibilities and activities of the external financial statement auditors are coordinated with those of the internal auditors in order to provide continuity of audit efforts and to avoid duplication.
- Access for auditors is provided as appropriate.
- Specific operations, processes or programs are reviewed at the request of the A&O Committee, the Board, and management.

Opportunities for improving member service, management of risks, internal control, governance, cost benefit, and the organization's effectiveness and image may be identified during audits. This information will be communicated to the A&O Committee and to appropriate levels of management.

III. INDEPENDENCE

Independent Professional Standards. The A&O Committee recognizes that professional independence requires the auditors have knowledge of operations and appropriate expertise in the subject matter that is being audited. Internal Audit must provide the credentials of any or all staff members upon request of the A&O Committee.

Conflict of Interest. Internal Audit shall discuss any potential issues regarding impairment of independence and/or conflicts of interest and their mitigation(s) with the A&O Committee as necessary.

IV. AUTHORITY

The Internal Audit function is established by the Board of this agency and governed by the A&O Committee. This Charter is approved and all future amendments to it are to be approved by the A&O Committee through a majority vote. This Charter shall be reviewed at least annually and updated as required by the A&O Committee.

Internal Audit functionally reports to the A&O Committee. Meetings are held with the A&O Committee on at least a quarterly basis. The portion of the A&O Committee agenda regarding Internal Audit generally include:

- A discussion of current year Plan status
- Points of emphasis of audit reports issued in the quarter
- Status of audits in process
- Changes or proposed changes to the Plan
- Audit follow-up status reports as necessary (based on exceptions noted)
- Special requests for audits from the Board or from Management with Board approval

- Closed sessions, when necessary, as provided for under the Wisconsin open meetings law

The A&O Committee retains the right to provide input and approve the annual audit plan presented by Internal Audit. The risk assessment and Plan are discussed in the meeting at the end of the quarter in which they are completed. Internal Audit shall inform the A&O Committee of the status of the audit plan and any changes needed. Management may request special audits outside of the plan to be conducted, which must be approved by the A&O Committee. The mission, responsibilities, and workings of the A&O Committee are described in the committee charter.

Internal Audit staff is not authorized to initiate or approve accounting transactions external to those related to the function. Internal Audit staff is not authorized to direct the activities of any agency employee not employed by the function, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

V. ACCESS

The Internal Audit staff, as appropriate, are granted authority for full, free and unrestricted access to all of the agency's functions, records, files and information systems, personnel, contractors, external auditors, physical properties, rental locations, and any other item relevant to the function, process or department under review. All contracts with vendors shall contain standard audit language enabling the internal auditors and other auditors and specialists to have access to relevant records and information. Documents and information given to Internal Audit shall be handled in the same prudent and confidential manner as by those employees normally accountable for them. All of the ERS employees are required to assist the staff of Internal Audit in fulfilling their audit functions and fiduciary duties.

VI. RESPONSIBILITIES & ACCOUNTABILITY

Internal Audit is responsible for the following in order to meet the mission, objectives and scope of this Charter:

1. Establish policies for conducting Internal Audit activities and directing its technical and administrative functions according to the agency's policies and direction provided by the A&O Committee and professional standards described in Section VII.
2. Perform a risk-assessment every three years and review the flexible annual audit plan that will accomplish the mission, objectives and scope of this Charter. This plan will include some unassigned hours in order to provide flexibility for changing conditions. This plan shall in part be based upon risks and control concerns identified by management.
3. Facilitate the implementation of the audit plan.
4. Implement the annual audit plan, as approved, including, as appropriate, any plan amendments, special tasks or projects requested by management, the Board and the A&O Committee.

5. Obtain updates to follow-up on management action plans as they relate to the recommendations provided by Internal Audit for improvement to ensure the risks are being mitigated timely.
6. Transmit copies of all audit reports and management letters to the A&O Committee.
7. Assess periodically whether the purpose, authority and responsibility, as defined in this Charter, continue to be adequate to accomplish its mission, objectives and scope. The result of this periodic assessment should be communicated to the A&O Committee.
8. Assist in the investigation of significant suspected fraudulent activities within the organization and notify the A&O Committee, the Board and other Executives, as appropriate, of the results.

VII. PROFESSIONAL STANDARDS

Internal Audit shall follow the professional standards of relevant professional organizations. These professional standards include, but are not limited to, the following:

- Institute of Internal Auditors (IIA) Professional Standards and Code of Ethics
- American Institute of Certified Public Accountants (AICPA) Professional Standards and Code of Ethics, as applicable
- Generally Accepted Government Auditing Standards (GAGAS) from the United States General Accounting Office (GAO), as applicable

VIII. REPORT DISTRIBUTION & FOLLOW-UP

Draft audit reports are first distributed to the Executive Director or their designee for comments. After comment, they are then distributed to the applicable department head. Internal Audit is responsible for obtaining management responses and issuing the final version of the audit report according to the following time schedule:

- Once a draft report is issued to a department head, 15 business days are allowed for management responses to be prepared and forwarded to Internal Audit. Internal Audit may extend the deadline, though the maximum number of business days for a response will be 25 days.
- Upon receipt of acceptable management responses, Internal Audit has 10 business days to issue the final version of the report.
- In cases where the department under review does not meet the above schedule, Internal Audit has the authority to issue the report without management responses to the chairman of the A&O Committee.

Final audit reports are distributed as follows:

- The department head, under review, receives a complete copy of the full report.
- The Executive Director, the Board, and the A&O Committee also receive a copy of the full report.

IX. RELATIONSHIP TO PREVENTION, DETECTION AND CORRECTION ACTIVITIES

Internal Audit strives to participate in the initial stages of major agency-wide projects so that risks can be appropriately managed and internal controls instituted in the design phase in order to prevent problems and minimize the associated costs. It recognizes that it is more expensive to detect and correct problems than it is to prevent them in the initial stages of a project.

X. SIGNATURE SECTION

The A&O Committee reviewed and adopted this Internal Audit Charter in May 2019, and transmitted it to the Board. The Internal Audit Charter is effective immediately and is hereby signed by the following persons who have authority and responsibilities under this Charter.

Chair, A&O Committee

Date

Chairman, ERS Board

Date

Executive Director

Date

IT Projects and Ticket Statistics

- Major Projects/Initiatives:

- IT Inventory/Digital Media Surplus and Archiving (Completed)
- Desktop Imaging Upgrade (Completed)
- Windows 2016 Server Upgrade (In Progress)
- Veeam Upgrade (In Progress)
- Struts 2 Upgrade (Completed)
- Security Improvements-Replace SSN with Person ID or Mask as needed (Completed)
- FileNet P8 Upgrade & Scanning Application implementation (In Progress)
- SSRS (SQL Server Reporting Services) Reports Migration (In Progress)

- Application Statistics

Category	High Priority	Low Priority	Total
Current Inventory	3	2	5
PIR's	1	1	2
CCR's	2	1	0
Pending/Hold	0	0	0
Deployed(Awaiting Next stage) /Ready for Production	0	0	0
Net Current Inventory	5	0	5

Portfolio as of June 1, 2019

Project Health	% Complete	Project Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal	Status	External Vendor Required: Y/N	Actual Start Date	Target Completion Date	Estimates (Hours)	Actuals (Hours)	Hours Variance = Estimates - Actuals	Hardware/Software & External Labor Budget (\$)	Actual Spent-to-Date on Hardware /Software & External Labor (\$)	Estimate to Completion (ETC) (of Hardware/ Software & External Labor Costs)
Y	60%	1	L	FileNet P8 Upgrade & Scanning Application Implementation	Manchu	Intalling IBM DataCap and upgrading FileNet servers	1	IP	N	4/3/19	7/3/19	624	789	(165)	\$146,353	\$73,755	\$72,598
Y	63%	2	M	Server Upgrade to Windows 2016	Zampino	Upgrading all servers from 2012 to 2016, where possible	1	IP	N	12/12/18	7/3/19	510	194	316	\$43,575	\$43,575	\$0
G	5%	3	L	SSRS Report Migration	Manchu	Replacing our discontinued reporting software with SSRS	1	IP	Y	3/6/19	4/26/21	11,884	805	11,080	\$483,417	\$80,543	\$402,874
G	7%	4	S	Veeam Upgrade @	Zampino	Upgrade Veeam Version 9.5 Update 3a to 9.5 Update 4a or Later Stable Version	1	IP	N	5/1/19	6/30/19	95	4	91	\$0	NA	NA

Pipeline Projects

- Social Engineering Audit
- DR Test
- Vulnerability Audit

- Green =** On Target - No Significant Issues
- Yellow =** On Watch List – Issues Being Addressed
- Red =** Project cannot move forward as planned without management attention or approval.

NS = Not Started OH = On Hold @ = Activity (no charter)
 IP = In Process C = Completed

Special Note: SSRS Report Migration costs are part of the HP maintenance contract.

Completed Projects & Tasks in Last 12 Months	Finished	Hours / \$ Spent
IT Vulnerability Audit @ (Reid)	5/11/2018	100 hours / \$33,800
2018 Network Replacement (Benedict)	6/13/2018	578 hours / \$425,011
MERITS Code Deployment Process Review@ (Manchu)	6/28/2018	47 hours / \$3,174
Phone System Enhancements (Zaffiro/Dugan)	7/31/2018	387 hours / \$54,851
Phone System Integration with MERITS @ (Manchu)	8/17/2018	32 hours / \$3,560
VMware Upgrade @ (Raynal)	8/22/2018	53.75 hours / \$5,375
WebSphere SQL Server and Windows Upgrade (Manchu)	8/30/2018	778.25 hours / \$45,351
SAN Upgrade (Raynal)	9/21/2018	63 hours / \$435,132
Electronic Signature (DocuSign) Implementation (Siddiqui)	10/2/2018	56 hours / \$10,516

	Finished	Hours / \$ Spent
Upgrade Backup Exec and Agents @ (Raynal)	10/9/2018	18 hours / \$1,800
2018 Desktop Rotation (Powell)	10/5/2018	174.5 hours / \$41,075
CAD, CAR & GL - Optimization (Manchu)	10/26/2018	1,033.25 hours / \$86,783
Upgrade MS Exchange Servers and Tools @ (Raynal)	11/13/2018	61 hours / \$6,100
Update SQL Express @ (John)	12/19/2018	20.5 hours / \$2,050
Scanning Application Analysis (Manchu)	3/28/2019	150 hours / \$24,756
General Controls Audit @ (Siddiqui)	3/29/2019	100.25 hours / \$17,800
Struts 2 Upgrade -functional areas besides MAM (Manchu)	4/26/2019	9,011 hours / \$393,226
Desktop Imaging Upgrade (Zampino)	5/29/2019	120.75 hours / \$12,075

Organizational/Personnel Update

Administration and Operations Committee

Thursday, June 20, 2019

- ERS is working with DER to fill the following vacancies:

Accounting Assistant II

Network Administrator

Pension Accounting Specialist

Records Technician II

- ERS has filed a request to fill a vacancy for the position of the Chief Technology Officer.