



June 12, 2024

Bernard J. Allen
Executive Director

David M. Silber, CFA, CAIA
Chief Investment Officer

Melody Johnson
Deputy Director

Mr. Jim Owczarski
City Clerk
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that a Meeting of the Administration & Operations (A&O) Committee Meeting of the Annuity and Pension Board of the Employees' Retirement System has been scheduled for **Tuesday, June 18, 2024 at 9:00 a.m.** *Special Notice: the meeting will be held remotely via video conference. Instructions on how to observe the meeting will be available on ERS's website (www.cmers.com) prior to the meeting.*

Please note and observe the following remote attendance etiquette to ensure a smooth and productive meeting:

- In order to cut down on background noise, participants in the meeting should put their phones on mute when they are not participating.
- At the start of the meeting, the Chairman will announce the names of the members of the Board present on the call, as well as anyone else who will be participating.
- Please request to be recognized by the Chairman if you would like to speak.
- Those participating on the call should identify themselves whenever they speak, and should ensure that the other participants on the call can hear them clearly.

The agenda is as follows:

- I. CliftonLarsonAllen (CLA) Internal Audit Status Report Presentation – 2023.
- II. CliftonLarsonAllen (CLA) Audit Reports Presentation – 2023.
 - A. Accounting & Finance.
 - B. Benefit Administration.
 - C. Benefit Calculation.
 - D. Entity Level Controls & Governance.
 - E. HR and Payroll.

Please be advised that the Administration & Operations Committee may vote to convene in closed session on the following item (III.), as provided in Section 19.85(1)(d), Wisconsin State Statutes, to consider “strategy for crime detection and prevention.” The Administration & Operations Committee may then vote to reconvene in open session following the closed session.

- III. 2023 Cybersecurity Assessments.
- IV. Approval of A&O Committee Audit Charter and Internal Audit Charter.
- V. IT Projects Portfolio.
- VI. Organizational/Personnel Update.

Sincerely,



Bernard J. Allen
Executive Director

BJA:jmw



Internal Audit Update City of Milwaukee Employees' Retirement System

Administration and Operations Committee

June 18, 2024

We'll get you there.

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Executive Summary

Since the A&O Committee Meeting on September 20, 2023, Internal Audit has completed the following:

- Entity Level Controls & Governance Audit,
- Accounting & Financial Reporting,
- Benefit Calculation Audit,
- HR & Payroll Audit,
- Benefit Administration Audit and the
- IT Internal Vulnerability Assessment.

A description of the detailed audit procedures and findings performed for each audit can be found in the full internal audit reports that have been provided separately. A summary discussion of each audit is provided today.

2024 Audit Plan is provided for review, discussion and approval.



2023 Audit Plan

2023 Audit Plan	Est. Hours	Actual Hours*	Actual Cost*	Target Start Date	Status/Comments
Accounting & Finance Audit	100	80	\$11,920	Complete	Presented 6/18/2024
Benefit Administration Audit	100	90	\$13,410	Complete	Presented 6/18/2024
Benefit Calculation Audit	100	80	\$11,920	Complete	Presented 6/18/2024
Enrollment & Membership Audit	60	30	\$4,470	Complete	Presented 9/20/23
Entity Level Controls & Governance Audit	50	50	\$7,450	Complete	Presented 6/18/2024
HR & Payroll Audit	45	40	\$6,970	Complete	Presented 6/18/2024
Investment Management Audit	80	75	\$11,175	Complete	Presented 9/20/23
Internal Vulnerability Assessment	120	Project Billed	\$23,940	Complete	Presented 6/18/2024
SOC Review (subsequent request)	40	40	\$9,000	In-Progress	Draft Report is being prepared
Engagement Management Fees	45	95	\$9,145	On-Going	Oversight, administration and meetings
Totals	750	540	\$109,400		
2023 Budgeted Cost	\$120,560				<i>* Totals through 6/9/24</i>



2024 Audit Plan

2024 Audit Plan	Hours Budget	Target Start Date	Comments
Risk Assessment	60	Q3 2024	
Benefit Payroll Audit	80	Q3 2024	
Contributions Audit	60	Q3 2024	
IT General Controls (Includes SOC Review)	200	Q3/Q4 2024	
Business Continuity	100	Q3/Q4 2024	
External Vulnerability Assessment	65	Q3/Q4 2024	
Internal Vulnerability Assessment	120	Q3/Q4 2024	
Purple Team Assessment	30	Q3/Q4 2024	
Engagement Management	95	On-Going	Oversight, administration and meetings
Totals:	810		
2024 Budgeted Cost:	\$143,495		





Questions

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March 20, 2024

Accounting and Financial Reporting Process Audit:

City of Milwaukee Employees' Retirement System

Prepared by:

Dan Ludwig, CPA, CGMA

daniel.ludwig@CLAconnect.com

Direct [414-467-6735] | Mobile [414-476-1880]

[CLAconnect.com](https://www.CLAconnect.com)

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Background

At the request and direction of the Administration and Operations (A&O) Committee, an audit of the Accounting and Financial Reporting Process and controls for the City of Milwaukee Employees' Retirement System (CMERS) was performed during the period from December 20, 2023, through March 20, 2024. The audit was requested to review, evaluate and test the organization's Accounting and Financial Reporting process against leading practices, test controls and determine whether control deficiencies existed within the internal control environment or whether there were identified control design or operating deficiencies. This audit cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations.

We have concluded our consulting engagement to perform the procedures described in the attached report. These procedures, which were agreed to by CMERS, were applied solely to assist in evaluating the internal controls of CMERS. Management of CMERS is responsible for their operations and internal controls. The execution and maintenance of adequate internal controls is solely the responsibility of the management of CMERS. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

CliftonLarsonAllen (CLA) was not engaged by CMERS to conduct a financial audit, for which the objective would be the expression of an opinion on the financial statements. Had we been hired to perform an audit of financial statement information in accordance with U.S. generally accepted auditing standards, other issues may have come to our attention that would have been reported to you. Therefore, we express no opinion on the effectiveness of CMERS's controls over all or any part of its financial statements.

Internal Controls Assessment Objectives and Scope

The objective of the Accounting and Financial Reporting Process Audit was to review, evaluate, and test processes and controls currently in place against leading practices and evaluate operating effectiveness. The focus of the assessment was to address the following risks:

1. Assess the suitability of the design for process and controls over Accounting and Financial Reporting Process, including the inherent risk of inaccurate payments and non-compliance with financial reporting requirements.
2. Assess the governance and accountability over the Accounting and Financial Reporting process, as well as the inherent risks from misappropriation, fraud, and abuse.
3. Compare current state internal controls versus leading practices and test for operating effectiveness.
4. Propose future state changes that mitigate risk or enhance CMERS' internal control structure and outcomes.

The following processes and sub-processes are in-scope, as well as segregation of duties in each area:

The objective of the Accounting and Financial Reporting Process Audit included the review of processes and controls related to the design and test of operating effectiveness, including:

1. Procurement and Cash Disbursements Process and Controls
 - a. Vendor Selection
 - b. Procurement Process
 - c. Invoice Review and Approval
2. General Accounting Process
 - a. Journal Entry Review and Approval
 - b. Balance Sheet Reconciliations
 - c. Intra-Government Reimbursement Process
3. Third Party Service Reports review (SSAE SOC-1)
4. Financial Reporting Process
 - a. Financial Statement Compilation and Review Process
 - b. Preparation and Approval of the Annual Budget
5. Control over Complex Accounting Spreadsheets
6. Actuarial Reports
 - a. Preparation and Review of Actuarial Data
 - b. Review and Approval Actuarial Reports
7. System Access Restrictions
 - a. User System Access Review and Approval
 - b. Segregation of Duties
8. Organizational Resilience
 - a. Review and Update of Standard Practice Instructions (SPIs)
 - b. Cross Training Procedures

Procedures Performed

As part of the audit, various techniques were used to audit and assess the effectiveness of the internal controls, including:

1. Interviewed members of CMERS
 - Dan Gopalan, Chief Financial Officer
 - Terry Siddiqui, IT Consultant
2. Gathered supporting documents describing current state processes (e.g., policies, procedures, screenshots, flowcharts, reconciliations, analyses, etc.)
3. Gathered evidence and tested CMERS processes and controls for the following functions;
 - Procurement and Cash Disbursement Process
 - General Accounting Process
 - Third Party Service SSAE 18 SOC-1 reviews
 - Financial Reporting process
 - Actuarial reports
 - System Access Restrictions
 - Organizational Resilience
4. Ranked current-state processes against five levels of maturity definition (1. Initial; 2. Repeatable; 3. Defined; 4. Managed; and 5. Optimized)

We would like to acknowledge and thank management with whom we interacted. The time, effort, and discussions they provided were instrumental in our understanding and provided the necessary information to complete our project. During the course of our assessment and audit, management and personnel provided all the materials requested and answered all of our questions promptly.

Audit and Assessment Results – Executive Summary

All the established processes and controls that were assessed during the audit were rated as Defined Maturity*: Management has established defined and documented formalized processes, procedures, and transaction flows that are regularly updated. This level of maturity is considered suitable for these control environments by management and internal audit.

Processes	Control Description	Control Deficiency?	Issues Identified	Process Maturity Level
Procurement and Cash Disbursements Process	Vendors used by CMERS are selected according to City of Milwaukee Purchasing Guidelines. Contracts of a particular size or type require the appropriate review and approval by CMERS management and the City Attorney’s Department. Once selected, the vendor is set-up in PeopleSoft by the City’s Purchasing Department. Any subsequent changes to the vendor’s profile in PeopleSoft are changed by the City’s Purchasing Department.	No	None	Defined
	Vendor Invoices are reviewed and approved by the members of management based on an established delegation of authority before they are submitted to the City of Milwaukee for repayment.	No	None	Defined
General Accounting Process	Journal Entries are reviewed and approved by management prior to being recorded in the General Ledger. Each Journal Entry is properly supported with the appropriate documentation.	No	None	Defined
	Balance Sheet Accounts are reconciled during the year and at yearend and are supported by the appropriate documentation. Each reconciliation is reviewed and approved by a member of management, who was independent from preparing the reconciliation.	No	None	
	CMERS follows a defined process when reimbursing the City of Milwaukee for the administrative costs that it incurs during the year. At the end of each month, the reimbursable amount is calculated based on the known administrative expenses incurred during the period. When complete, the reimbursement payment is reviewed by CMERS Management and the City of Milwaukee Comptroller’s office.	No	None	

Financial Reporting Process	The Finance Department follows a defined process when gathering the organization’s financial information and preparing its Annual Financial Statements and Footnotes. When complete, the financial statements are reviewed by management, CMERS external audit firm and CMERS BOD before they are issued to the public.	No	None	Defined
	The Annual Budget is reviewed and approved by both CMERS management and its BOD.	No	None	
	Management maintains control over key complex accounting and financial reporting spreadsheets that are used in the compilation of CMERS Annual Financial Statements. The spreadsheets themselves are: <ul style="list-style-type: none"> > Found on the Finance Department Network Drive where they can only be accessed by members of the Finance Department. > Password protected to prevent non-financial department personnel from accessing the spreadsheets. > Formulas used in these spreadsheets are Cell Protected from intentional or incidental change. 	No	None	
Third Party Service Reports	Annually, Management documents its review and evaluation of its Third-Party Service Provider Reports (SSAE SOC-1) as evidence that no internal control deficiencies existed that would have posed a risk and impacted CMERS operations.	No	None	Defined
Actuarial Reports	Annually, management prepares and submits membership data so that it can be used by its actuary to calculate the Pension Obligation Liability. Data submitted to the actuary is reviewed in detail and approved by management before being submitted.	No	None	Defined
	The Annual Actuary Report is reviewed and approved by management before it is presented to the CMERS BOD for approval and acceptance.	No	None	
	The Five-Year Experience Study is reviewed and approved by management before it is presented to the CMERS BOD for approval and acceptance. As part of its review, management will review the data with a second Actuary in order to ensure the assumptions and results used in the report are reasonable and accurate.	No	None	

System Access Controls	Employee access to CMERS systems is reviewed by management twice a year to ensure that ERS's employees and business partners have the appropriate system access and that no "high-risk" Segregation of Duties conflicts exist.	No	None	Defined
Organization Resilience	Standard Practice Instructions (SPIs) are regularly reviewed and updated by management to reflect current processes and controls.	No	None	Defined
	Management regularly cross trains and evaluates department personnel as to their ability to competently perform duties outside of the employee's current role and responsibilities.	No	None	
PROCESS MATURITY DEFINITIONS				
*DEFINED MATURITY	Policies and processes are established and are reviewed and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes. <u><i>See Appendix for all Maturity Definitions.</i></u>			

Following the conclusion of our testing of CMERS Internal Control Environment, we identified No Internal Control Deficiencies.

Observations, Recommendations, and Management Responses

None.

Closing

We wish to extend our appreciation to management and staff for their timely cooperation and assistance during the project.

* * * * *

This report has been prepared in accordance with Statement of Standards for Consulting Services issued by the American Institute of Certified Public Accountants and is solely for use by management. It is not intended for use, in whole or in part, by outside parties without the specific consent of CliftonLarsonAllen LLP.

CliftonLarsonAllen LLP
March 20, 2024



Appendix

Maturity Definitions

Capability Level	Capability Description	Capabilities Attribute
5. Optimized	Policies and processes are continuously reviewed and improved within a highly automated control environment.	<ul style="list-style-type: none"> Processes and controls are continuously reviewed and improved. Preventive and detective controls are highly automated to reduce human error and cost of operation. Comprehensive, defined performance metrics exist, with extensive automated performance monitoring. Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve process.
4. Managed	Policies and processes are documented, standardized, regularly updated and controls increasingly use automation.	<ul style="list-style-type: none"> Procedures and controls are well documented and kept current. Preventive and detective controls are employed, with greater use of automation to reduce human error. Many metrics are used with a blend of automated and manual performance monitoring. Best practices and/or benchmarking are used to improve process
3. Defined	Policies and processes are established and are reviewed and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes.	<ul style="list-style-type: none"> Procedures are well documented, but not kept current to reflect changing business needs. Preventive and detective controls are employed, still reliant on manual activities. Some metrics are used, but performance monitoring is still manual and/or infrequent. Generally occurs during periodic (e.g., annual) policy and procedure renewal.
2. Repeatable	Some standard processes are defined and success depends largely on "tribal knowledge" and detective controls.	<ul style="list-style-type: none"> Some standard procedures exist, relies on "tribal knowledge." Mostly detective are in place, minimal preventive controls, and highly manual. Few performance metrics exist, thus performance monitoring is inconsistent or informal. Most likely in reaction to audits or service disruptions.
1. Initial	Few processes are defined and success depends on individual effort and heroics.	<ul style="list-style-type: none"> No formal procedures exist. Controls are non-existent or primarily in reaction to a "surprise." There are no metrics or performance monitoring.



March 20, 2024

Benefit Administration Process Audit:

City of Milwaukee Employees' Retirement System

Prepared by:

Dan Ludwig, CPA, CGMA

daniel.ludwig@CLAconnect.com

Direct [414-467-6735] | Mobile [414-476-1880]

[CLAconnect.com](https://www.CLAconnect.com)

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Background

At the request and direction of the Administration and Operations (A&O) Committee, an audit of Benefit Administration process and controls for the City of Milwaukee Employees' Retirement System (CMERS) was performed during the period from January 8, 2024, through March 20, 2024. The audit was requested to review, evaluate and test the organization's Benefit Administration process against leading practices, test controls and determine whether control deficiencies existed within the internal control environment or whether there were identified control design or operating deficiencies. This audit cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations.

We have concluded our consulting engagement to perform the procedures described in the attached report. These procedures, which were agreed to by CMERS, were applied solely to assist in evaluating the internal controls of CMERS. Management of CMERS is responsible for their operations and internal controls. The execution and maintenance of adequate internal controls is solely the responsibility of the management of CMERS. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

CliftonLarsonAllen (CLA) was not engaged by CMERS to conduct a financial audit, for which the objective would be the expression of an opinion on the financial statements. Had we been hired to perform an audit of financial statement information in accordance with U.S. generally accepted auditing standards, other issues may have come to our attention that would have been reported to you. Therefore, we express no opinion on the effectiveness of CMERS's controls over all or any part of its financial statements.

Internal Controls Assessment Objectives and Scope

The objective of the Benefit Administration Process Audit was to review, evaluate, and test processes and controls currently in place against leading practices and evaluate operating effectiveness. The focus of the assessment was to address the following risks:

1. Perform a current state process assessment, internal controls assessment and organization assessment of the Benefit Administration Process to evaluate the design of current state processes and internal controls as it pertains to the organization's Benefit Administration processes.
2. Assess the governance and accountability over the Benefit Administration process, as well as the inherent risks from misappropriation, fraud, and abuse.
3. Compare current state internal controls versus leading practices and test for operating effectiveness.
4. Propose future state changes that mitigate risk or enhance CMERS' internal control structure and outcomes.

The following processes and sub-processes are in-scope, as well as segregation of duties in each area:

The objective of the Benefit Administration Process Audit included the review of processes and controls related to the design and test of operating effectiveness, including:

1. Health & Dental Insurance Benefits
 - a. Rate Accuracy
 - b. Benefit Election Approval
 - c. Change Authorization
 - d. Deduction Reconciliations
 - e. Premium Reconciliations
2. Life Insurance Benefits
 - a. Benefit Election Approval
 - b. Premium Reconciliations
 - c. Receipt, Collection and Reconciliation of Participant Receivables
 - d. Death Benefit Claim Administration
3. System Access Restrictions
 - a. System Access Review and Approval
 - b. Access and Safeguarding of PII
 - c. Segregation of Duties
4. Organizational Resilience
 - a. Standard Practice Instructions (SPIs)
 - b. Cross Training Procedures

Procedures Performed

As part of the audit, various techniques were used to audit and assess the effectiveness of the internal controls, including:

1. Interviewed members of CMERS
 - Dan Gopalan, Chief Financial Officer
 - Mike Dzuik, Retirement Plan Manager
 - Terry Siddiqui, IT Consultant
2. Gathered supporting documents describing current state processes (e.g., policies, procedures, screenshots, flowcharts, reconciliations, analyses, etc.)
3. Gathered evidence and tested CMERS processes and controls for the following functions;
 - Health and Dental Insurance Process & Controls
 - Life Insurance Process & Controls
 - System Access Restrictions
 - Organizational Resilience
4. Ranked current-state processes against five levels of maturity definition (1. Initial; 2. Repeatable; 3. Defined; 4. Managed; and 5. Optimized)

We would like to acknowledge and thank management with whom we interacted. The time, effort, and discussions they provided were instrumental in our understanding and provided the necessary information to complete our project. During the course of our assessment and audit, management and personnel provided all of the materials requested and answered all of our questions promptly.

Audit and Assessment Results – Executive Summary

All the established processes and controls that were assessed during the audit were rated as Defined Maturity*: Management has established defined and documented formalized processes, procedures, and transaction flows that are regularly updated. This level of maturity is considered suitable for these control environments by management and internal audit.

Processes	Control Description	Control Finding?	Process Maturity Level
Health and Dental Insurance Process & Controls	Member Health and Dental Insurance benefit rates are regularly updated to reflect the current participant rates. Once updated, these rates are then reviewed and approved by another CMERS team member to ensure the rates are accurate and have been properly applied in MERITS.	No	Managed
	Requested Health and Dental Insurance Benefits are properly authorized by the participant and are accurately recorded in MERITS.	No	Defined
	Member requested changes to Health and Dental Insurance are properly authorized by the member. These requested payroll deductions are then accurately updated and recorded in MERITS.	No	Defined
	Member Health and Dental payroll deductions report is properly reconciled and reviewed before it submitted to the City of Milwaukee	No	Defined
	Health and Dental Insurance Premiums reconciliations are properly reviewed and approved before they are submitted to the City of Milwaukee for payment.	No	Defined
Life Insurance Process & Controls	Requested Life Insurance Benefit are properly authorized by the participant and are accurately recorded in MERITS.	No	Defined
	Life Insurance Premium reconciliation is properly reviewed and approved before they are submitted to the City of Milwaukee for payment.	No	Defined
	CMERS monitors the receipt and collection of member Life Insurance Premiums. A reconciliation of member collections and outstanding receivables is performed monthly.	No	Defined
	Life Insurance death benefit claims are properly reviewed and recalculated to determine the authenticity of the claim and the accuracy of the Death Benefit.	No	Defined

System Access, Segregation of Duties and Access to PII	Employee access to CMERS systems is reviewed by management twice a year to ensure that ERS's employees and business partners have the appropriate system access and that no Segregation of Duties conflicts exist. In addition, internal organization policies and system controls are in place that guide and control employee access to member Personal Identifiable Information (PII) that are regularly reviewed and monitored by CMERS management.	No	Defined
Organization Resilience	Standard Practice Instructions (SPIs) are regularly reviewed and updated by management to ensure process and control procedural document is complete and accurate.	No	Defined
	Management regularly cross trains and evaluates department personnel as to their ability to competently perform duties outside of the employee's current role and responsibilities.	No	
PROCESS MATURITY DEFINITIONS			
*DEFINED MATURITY	Policies and processes are established and are reviewed and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes.		
*Managed Maturity	Procedures and controls are well documented and kept current; Preventive and detective controls are employed, with greater use of automation to reduce human error. Many metrics are used with a blend of automated and manual performance monitoring. Best practices and/or benchmarking are used to improve process.		
<i>See Appendix for all Maturity Definitions.</i>			

Following the conclusion of our testing of CMERS Internal Control Environment, we identified No Internal Control Deficiencies.

Observations, Recommendations, and Management Responses

None.

Closing

We wish to extend our appreciation to management and staff for their timely cooperation and assistance during the project.

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CliftonLarsonAllen LLP
March 20, 2024



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Maturity Definitions

Capability Level	Capability Description	Capabilities Attribute
5. Optimized	Policies and processes are continuously reviewed and improved within a highly automated control environment	<ul style="list-style-type: none"> Processes and controls are continuously reviewed and improved. Preventive and detective controls are highly automated to reduce human error and cost of operation. Comprehensive, defined performance metrics exist, with extensive automated performance monitoring. Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve process.
4. Managed	Policies and processes are documented, standardized, regularly updated and controls increasingly use automation.	<ul style="list-style-type: none"> Procedures and controls are well documented and kept current. Preventive and detective controls are employed, with greater use of automation to reduce human error. Many metrics are used with a blend of automated and manual performance monitoring. Best practices and/or benchmarking are used to improve process
3. Defined	Policies and processes are documented, standardized and updated, e.g., annually with heavy reliance on manual processes.	<ul style="list-style-type: none"> Procedures are well documented, but not kept current to reflect changing business needs. Preventive and detective controls are employed, still reliant on manual activities. Some metrics are used, but performance monitoring is still manual and/or infrequent. Generally occurs during periodic (e.g., annual) policy and procedure renewal.
2. Repeatable	Some standard processes are defined and success depends largely on "tribal knowledge" and detective controls.	<ul style="list-style-type: none"> Some standard procedures exist, relies on "tribal knowledge." Mostly detective are in place, minimal preventive controls, and highly manual. Few performance metrics exist, thus performance monitoring is inconsistent or informal. Most likely in reaction to audits or service disruptions.
1. Initial	Few processes are defined and success depends on individual effort and heroics.	<ul style="list-style-type: none"> No formal procedures exist. Controls are non-existent or primarily in reaction to a "surprise." There are no metrics or performance monitoring.



March 20, 2024

Benefit Calculation Process Audit:

City of Milwaukee Employees' Retirement System

Prepared by:

Dan Ludwig, CPA, CGMA

daniel.ludwig@CLAconnect.com

Direct [414-467-6735] | Mobile [414-476-1880]

[CLAconnect.com](https://www.CLAconnect.com)

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Background

As part of the annual Enterprise Risk Assessment and related Audit Plan, under direction of Administration and Operations (A&O) Committee, an audit of the Benefit Calculation Process for the City of Milwaukee Employees' Retirement System (CMERS) was performed during the period from December 20, 2023, through March 20, 2024. The audit was requested to review and evaluate the organization's Benefit Calculation process against leading practices and determine whether control deficiencies existed within the internal control environment. This audit cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations.

We have concluded our consulting engagement to perform the procedures described in the attached report. These procedures, which were agreed to by CMERS, were applied solely to assist in evaluating the internal controls of CMERS. Management of CMERS is responsible for their operations and internal controls. The execution and maintenance of adequate internal controls is solely the responsibility of the management of CMERS. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

CliftonLarsonAllen (CLA) was not engaged by CMERS to conduct a financial audit, for which the objective would be the expression of an opinion on the financial statements. Had we been hired to perform an audit of financial statement information in accordance with U.S. generally accepted auditing standards, other issues may have come to our attention that would have been reported to you. Therefore, we express no opinion on the effectiveness of CMERS's controls over all or any part of its financial statements.

Internal Controls Assessment Objectives and Scope

The objective of the Benefit Calculation Process Audit was to review and evaluate processes and controls currently in place against leading practices. The focus of the assessment was to address the following risks:

1. Perform a current state process assessment, internal controls assessment and organization assessment of the Benefit Calculation Process Team to evaluate the design of current state processes and internal controls as it pertains to the organizations Benefit Calculation processes.
2. Assess the governance and accountability over the Benefit Calculation process, as well as the inherent risks from misappropriation, fraud, and abuse.
3. Compare current state internal controls versus leading practices.
4. Propose future state changes that mitigate risk, better support internal controls of CMERS.

The following processes and sub-processes are in-scope, as well as segregation of duties in each area:

The objective of the Accounting and Financial Reporting Process Audit included the review of processes and controls related to the design and test of operating effectiveness, including:

1. Participant Benefit Calculations
 - a. Processes and Controls
 - b. System Applications and Controls
 - c. Use of Authorized Supporting Documentation
 - d. Management Review and Approval Procedures
2. Employment Contracts
 - a. Impact of Employee Contract Changes in MERITS
 - b. Impact of Retroactive Changes
3. System Access Restrictions
 - a. System Access Review and Approval
 - b. Access and Safeguarding of PII
 - c. Segregation of Duties
4. Organizational Resilience
 - a. Standard Practice Instructions (SPIs)
 - b. Cross Training Procedures

Procedures Performed

The Benefit Calculation Process Audit was performed in collaboration with members of CMERS.

As part of the audit, various techniques were used to audit and assess the effectiveness of the internal controls, including:

1. Interviewed members of CMERS
 - Dan Gopalan, Chief Financial Officer
 - Terry Siddiqui, IT Consultant
2. Gathered supporting documents describing current state processes (e.g., policies, procedures, screenshots, flowcharts, reconciliations, analyses, etc.)
3. Reviewed, tested and evaluated CMERS processes and controls for the following functions;
 - Benefit Calculation process controls covering;
 - o Service Retirement Payments
 - o Early Retirement Payments
 - o Global Pension Settlement (GPS) Lump Sum Retirement Payments
 - o Disability Retirement Payments
 - o Early Termination Payments
 - o Survivorship Benefit Payments
 - o Service Reciprocity Retirement Payments
 - Employee Contract Changes in MERITS
 - Physical Access and Policies governing the use of PII
 - Employee Cross Training
 - User System Access
 - Segregation of Duties
4. Ranked current-state processes against five levels of maturity definition (1. Initial; 2. Repeatable; 3. Defined; 4. Managed; and 5. Optimized)

We would like to acknowledge and thank management with whom we interacted. The time, effort, and discussions they provided were instrumental in our understanding and provided the necessary information to complete our project. During the course of our assessment, management and personnel provided all of the materials requested and answered all of our questions promptly. Below is the assessment executive summary.

Audit and Assessment Results – Executive Summary

All the established processes and controls that were assessed during the audit were rated as Defined Maturity*: Management has established defined and documented formalized processes, procedures, and transaction flows that are regularly updated. This level of maturity is considered suitable for these control environments by management and internal audit.

Processes	Control Description	Control Finding?	Process Maturity Level
Benefit Calculation Process	ERS has developed and implemented defined procedures to accurately compile and calculate member benefit calculation payments. For each calculation, the Benefit Calculation Team will. <ul style="list-style-type: none"> • Verify the members compensation history and ensure that the members earnings are adjusted for any retroactive payments. • The appropriate documentation initiating the transaction is properly authorized by the member. • Benefit Payment calculations are accurate and are then independently reviewed by appropriate personnel. • Payment Calculation Testing Results: <ul style="list-style-type: none"> ○ Service Retirement Payments ○ Early Retirement Payments ○ Global Pension Settlement (GPS) Lump Sum Retirement Payments ○ Disability Retirement Payments ○ Employee Termination Payments ○ Survivorship Benefit Payments ○ Service Reciprocity Retirement Payments 	No	Managed
		No	
Employment Contract	Employee Contract Updates and Changes approved by the Common Council are properly updated and reflected in MERITS.	No	Managed
System Access, Segregation of Duties and Access to PII	Employee access to CMERS systems is reviewed by management twice a year to ensure that ERS’s employees and business partners have the appropriate system access and that no Segregation of Duties conflicts exist. In addition, internal organization policies and system controls are in place that guide and control employee access to member Personal Identifiable Information (PII) that are regularly reviewed and monitored by CMERS management.	No	Defined



Organization Resilience	Standard Practice Instructions (SPIs) are regularly reviewed and updated by management to ensure process and control procedural document is complete and accurate.	No	Defined
	Management regularly cross trains and evaluates department personnel as to their ability to competently perform duties outside of the employee's current role and responsibilities.	No	
*DEFINED MATURITY	Internal control uniform across the entity's processes; transaction flows documented; risk of fraud, errors, and omissions identified; control processes for mitigating risks have enhanced documentation and integration.		
* Maturity Managed	Procedures and controls are well documented and kept current; Preventive and detective controls are employed, with greater use of automation to reduce human error. Many metrics are used with a blend of automated and manual performance monitoring. Best practices and/or benchmarking are used to improve process.		
<i>See Appendix for all Maturity Definitions.</i>			

Following the conclusion of our testing of CMERS Internal Control Environment, we identified No Internal Control Deficiencies.

Observations, Recommendations, and Management Responses

None.

Closing

We wish to extend our appreciation to management and staff for their timely cooperation and assistance during the project.

* * * * *

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CliftonLarsonAllen LLP
March 20, 2024



Appendix

Maturity Definitions

Capability Level	Capability Description	Capabilities Attribute
5. Optimized	Policies and processes are continuously reviewed and improved within a highly automated control environment.	<ul style="list-style-type: none"> Processes and controls are continuously reviewed and improved. Preventive and detective controls are highly automated to reduce human error and cost of operation. Comprehensive, defined performance metrics exist, with extensive automated performance monitoring. Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve process.
4. Managed	Policies and processes are documented, standardized, regularly updated and controls increasingly use automation.	<ul style="list-style-type: none"> Procedures and controls are well documented and kept current. Preventive and detective controls are employed, with greater use of automation to reduce human error. Many metrics are used with a blend of automated and manual performance monitoring. Best practices and/or benchmarking are used to improve.
3. Defined	Policies and processes are documented, standardized and updated, e.g., annually with heavy reliance on manual processes.	<ul style="list-style-type: none"> Procedures are well documented, but not kept current to reflect changing business needs. Preventive and detective controls are employed, still reliant on manual activities. Some metrics are used, but performance monitoring is still manual and/or infrequent. Generally occurs during periodic (e.g., annual) policy and procedure renewal.
2. Repeatable	Some standard processes are defined and success depends largely on "tribal knowledge" and detective controls.	<ul style="list-style-type: none"> Some standard procedures exist, relies on "tribal knowledge." Mostly detective are in place, minimal preventive controls, and highly manual. Few performance metrics exist, thus performance monitoring is inconsistent or informal. Most likely in reaction to audits or service disruptions.
1. Initial	Few processes are defined and success depends on individual effort and heroics.	<ul style="list-style-type: none"> No formal procedures exist. Controls are non-existent or primarily in reaction to a "surprise." There are no metrics or performance monitoring.



March 20, 2024

COSO 2013 Assessment of Entity Level Controls

City of Milwaukee Employees' Retirement System

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Background

As part of the City of Milwaukee Employees' Retirement Systems (CMERS) 2023 Internal Audit Plan, a COSO 2013 Assessment of Entity Controls was performed during the period from October 2, 2023, through March 20, 2024. The COSO 2013 Assessment of Entity Controls was performed to benchmark CMERS' Entity Level Controls against leading practices of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework (2013). This assessment cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations.

The internal control assessment was performed in accordance with statement on standards for consulting services established by the AICPA. CliftonLarsonAllen (CLA) was not engaged by CMERS to conduct a financial audit, for which the objective would be the expression of an opinion on the financial statements. Had we been hired to perform an audit of financial statement information in accordance with U.S. generally accepted auditing standards, other issues may have come to our attention that would have been reported to you. Therefore, we express no opinion on the effectiveness of CMERS's controls over all or any part of its financial statements.

CMERS's management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. You are also responsible for establishing and maintaining internal controls, including the monitoring of ongoing activities.

In addition, the procedures performed by CLA are not a substitution for management's responsibility to maintain a system of controls to mitigate risk. The internal audit was designed to provide CMERS with insight to inherent and specific risks and deficiencies throughout the organization. Our procedures alone cannot identify errors, fraud and /or irregularities related to the scope of this project.

We appreciate the opportunity to assist CMERS in performing this assessment. Management and staff involved in the process were a pleasure to work with and very open to sharing their opinions and knowledge. This cooperation was invaluable to the outcome of this project. If you have any questions, please feel free to contact us for assistance.



Findings & Observations – Executive Summary

We appreciate the opportunity to assist CMERS’s management as they continue to focus on improvements related to their internal control infrastructure. The members of management and staff we interviewed were a pleasure to work with and open to sharing their opinions and knowledge. Their cooperation was invaluable to the outcome of this project.

Overall, we thought individuals were very knowledgeable of the processes and procedures for which they are responsible and were able to provide the information needed to complete our assessment procedures in a timely and efficient manner.

Following the conclusion of our assessment and testing of CMERS Internal Control Environment, we identified No Internal Control or Design Deficiencies.



Internal Control Assessment Objectives and Scope

The objective of the COSO 2013 Controls Framework Assessment was to review and evaluate the Entity Level processes and controls that are in place against leading practices of the COSO Internal Control – Integrated Framework (2013). The focus of the assessment was to compare the organization’s entity level controls against the 2013 COSO Framework (*Framework*) which includes 5 components according to its 17 principles and approximately 70 points of focus

Control Environment

1. The organization demonstrates a commitment to integrity and ethical values.
2. The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Risk Assessment

6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
8. The organization considers the potential for fraud in assessing risks to the achievement of objectives.
9. The organization identifies and assesses changes that could significantly impact the system of internal control

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
11. The organization selects and develops general control activities over technology to support the achievement of objectives.
12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Information and Communication

13. The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
15. The organization communicates with external parties regarding matters affecting the functioning of internal control.

Monitoring Activities

16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action.



Benefits: Internal control helps entities achieve important objectives and sustain and improve performance. COSO's *Internal Control—Integrated Framework (Framework)* enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization.

The **Framework** assists management, boards of directors, external stakeholders, and others interacting with the CMERS in their respective duties regarding internal control without being overly prescriptive. It does so by providing both understanding of what constitutes a system of internal control and insight into when internal control is being applied effectively.



Internal Controls Procedures Performed

The CMERS COSO 2013 Assessment of Entity Level Controls was performed via virtual walkthroughs in collaboration with members of CMERS Executive Management.

Techniques used to assess the effectiveness of the internal controls, included:

1. Review of the COSO 2013 Framework tool with CMERS' Management and gain an understanding of the entity level controls currently in place.
2. Gathering evidence from management supporting the effectiveness of those controls that are in place.
3. For a select number of controls (4), sample test of the company's compliance with these selected controls and assessed their effectiveness; for the remainder of controls Internal Audit performed inquiry and inspection of supporting documentation.
4. Assessing the overall effectiveness of CMERS' Entity Level Control Environment according to COSO 2013 Controls Framework.

The following personnel participated in the COSO 2013 Internal Controls Framework Assessment:

- Jerry Allen, Executive Director
- Melody Johnson, Deputy Executive Director
- Dan Gopalan, ERS Chief Financial Officer
- Terry Siddiqui, IT Consultant



Process Assessment – Executive Summary

All but one of the processes assessed were rated as Defined Maturity*: Management has established defined, formalized processes, procedures, and transaction flows. This level of maturity is considered suitable for these control environments by management and internal audit.

COSO Control	COSO 2013 Control Objective	Control Description	Control Deficiency?	Process Maturity
CE 1	Annual review of BOD/Organization charters, including audit committee.	The Administrative & Operations (A&O) Committee and the Audit Committee Charter are reviewed and approved by the BOD on an annual basis.	No	Defined
CE 2	Monitoring of execution of Board Charters.	CMERS has developed an internal checklist to track and manage its annual BOD activities. All actions requiring BOD approval are recorded in the Committee minutes.	No	Defined
CE 3	Financial expert on the Audit Committee.	The City Comptroller is a permanent member of the A&O Committee.	No	Defined
CE 4	Succession planning for Board and Executive Management.	CMERS BOD members are either elected by the active members of the retirement system or elected or appointed by the Mayor of Milwaukee. In the event the Executive Director of CMERS becomes open, the Executive Deputy Director will assume responsibility according to the Rules defined in Chapter 36. CMERS has evaluated its personnel and have identified those individuals who could step in either replace or assume responsibility in the event of employee turnover.	No	Defined
CE 5	Employee acknowledgement of handbook and code of ethics.	Annually, employees are asked to review and acknowledge receipt and compliance with CMERS <u>Basic Office Guidelines Policy</u> and <u>Protecting Personal and Private Information Policy</u> .	No	Defined
CE 6	Approach to disciplinary action for employee violations of code of conduct.	Employee disciplinary action arising from conduct violations is governed and administered according to the Loudermill Hearing process. Upon an employee's termination, an employee exit checklist is completed, and an email is sent to the Department of Employee Relations to alert them to cancel that employee's payroll.	No	Defined



CE 7	Compensation Committee oversight of management compensation and incentives.	Compensation increases are determined by the Department of Employee Relations and approved by the Common Council. Increases typically fall into three categories; > Cost of Living Increases > Employee promotions > An employee chooses to live in the City of Milwaukee	No	Defined
CE 8	Defined procedures exist for hiring and recruiting.	The City of Milwaukee Department of Employee Relations (DER) has provided CMERS with detailed instructions for both the recruiting and hiring employees.	No	Defined
CE 9	Annual review of employee performance and compensation.	Before 2020, Employee Performance Evaluations were not required for City of Milwaukee Employees. Following the COVID-19 Pandemic and an interest of the City's workforce to work remotely, the City has decided to implement a Performance Evaluation Process.	No	Defined
CE 10	Organization charts are used to define roles and reporting structure.	CMERS maintains up to date organization charts that define organizational roles and responsibilities of its management and personnel.	No	Defined
CE 11	Employee job descriptions are defined.	Employee job descriptions within CMERS are defined and current.	No	Defined
CE 12	Management preparation of the Fraud Risk Assessment.	CMERS relies on several processes and systems that are provided by the City of Milwaukee to conduct its day-to-day operations. As these systems fall outside CMERS direct control, CMERS is unable to comprehensively assess and prepare a Fraud Risk Assessment. In lieu of a Fraud Risk Assessment, CMERS has developed and implemented preventative and detective internal controls to address the Risk of Fraud within those processes and systems that it has direct control. These controls are routinely evaluated and updated by management as needed.	No	Defined
CE 13	Board and management review of budget to actual for forecasts.	CMERS Management and its BOD reviews and approve the annual budget.	No	Defined



CE 14	Functioning whistleblower hotline exists.	A functioning employee hotline is provided by the City of Milwaukee to CMERS employees. CMERS employees are aware of the hotline and how to use it, if needed.	No	Defined
CE 15	Audit committee review of SOX scoping, risk assessment and materiality, including Audit Committee oversight of SOX testing and control deficiencies.	CMERS is not a publicly traded company and does not need to comply SOX. This control objective is NOT APPLICABLE. (1) <i>(1) SOX Compliance Control Objective has been included in the table for completeness as it is an integral part of the COSO 2013 Control framework.</i>	N/A	N/A
CE 16	Annual internal control testing to validate key control functioning.	An Audit Plan is prepared annually. The plan identifies those IT and Administrative processes that will be tested during the year. At the completion, an Audit Report is prepared that identifies any findings or procedural improvements.	No	Defined
CE 17	Independent internal audit function / activity, in-house or outsourced.	CMERS Audit Committee Charter provides for the use of an independent Internal Auditor. CMERS has chosen to utilize an Independent Third Party to provide Internal Audit Services to the organization.	No	Defined
CE 18	Monitoring of reports from external agencies, e.g., FDA or other regulators.	Monitoring and compliance with External Agencies (e.g., IRS Determination Letter) is monitored by CMERS Management.	No	Defined
CE 19	Delegation of authority matrix exists and is regularly reviewed.	CMERS Delegation of Authority Matrix is aligned with the City of Milwaukee directives and is effectively communicated within the organization. Only Authorized members of CMERS management are capable of approving vendor transactions.	No	Defined
CE 20	Management preparation of the Enterprise Risk Assessment with mitigation strategies or a strategic plan identifying key risks.	An Enterprise Risk Assessment is prepared every three years by CMERS Internal Audit department. The Risk Assessment is then used to develop a Three-Year Audit plan.	No	Defined



CE 21	Monitoring of financial reporting process.	The Financial Reporting process is monitored and reviewed by both CMERS Executive Management throughout the Calendar year.	No	Defined
CE 22	Accounting policies and procedures.	CMERS maintains detailed policies and procedures that ensure that organization's financial statements are properly prepared.	No	Defined
CE 23	IT systems are well controlled to support information management.	IT General Controls Environment and Security Infrastructure are regularly reviewed and updated to ensure that the environment and security measures are capable of meeting the needs of the organization and protecting its members Personal Identifiable Information.	No	Defined
*DEFINED MATURITY	Policies and processes are documented, standardized, and updated, e.g., annually with heavy reliance on manual processes. <i>See Appendix for all Maturity Definitions.</i>			

Following the conclusion of our testing of CMERS Internal Control Environment, we identified no internal control deficiencies.

Current Year Findings, Observations, Recommendations, and Management Responses

None.



Closing

We would like to acknowledge and thank management with whom we interacted. The time, effort, and discussions they provided were instrumental in our understanding and provided the necessary information to complete our project. During the course of our assessment, management and personnel provided all of the materials requested and answered all of our questions promptly.

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CliftonLarsonAllen LLP

March 20, 2024



Appendix

Maturity Definitions

Capability Level	Capability Description	Capabilities Attribute
5. Optimized	Policies and processes are continuously reviewed and improved within a highly automated control environment.	<ul style="list-style-type: none"> • Processes and controls are continuously reviewed and improved • Preventive and detective controls are highly automated to reduce human error and cost of operation. • Comprehensive, defined performance metrics exist, with extensive automated performance monitoring. • Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve process.
4. Managed	Policies and processes are documented, standardized, regularly updated and controls increasingly use automation.	<ul style="list-style-type: none"> • Procedures and controls are well documented and kept current. • Preventive and detective controls are employed, with greater use of automation to reduce human error. • Many metrics are used with a blend of automated and manual performance monitoring. • Best practices and/or benchmarking are used to improve process
3. Defined	Policies and processes are established, are reviewed, and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes.	<ul style="list-style-type: none"> • Procedures are well documented, but not kept current to reflect changing business needs. • Preventive and detective controls are employed, still reliant on manual activities. • Some metrics are used, but performance monitoring is still manual and/or infrequent. • Generally occurs during periodic (e.g., annual) policy and procedure renewal.
2. Repeatable	Some standard processes are defined, and success depends largely on "tribal knowledge" and detective controls.	<ul style="list-style-type: none"> • Some standard procedures exist, relies on "tribal knowledge." • Mostly detective are in place, minimal preventive controls, and highly manual. • Few performance metrics exist, thus performance monitoring is inconsistent or informal. • Most likely in reaction to audits or service disruptions.
1. Initial	Few processes are defined and success depends on individual effort and heroics.	<ul style="list-style-type: none"> • No formal procedures exist. • Controls are non-existent or primarily in reaction to a "surprise." • There are no metrics or performance monitoring.





March 20, 2024

Human Resources and Payroll Process Audit:

City of Milwaukee Employees' Retirement System

Prepared by:

Dan Ludwig, CPA, CGMA

daniel.ludwig@CLAconnect.com

Direct [414-467-6735] | Mobile [414-476-1880]

[CLAconnect.com](https://www.claconnect.com)

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Background

At the request and direction of the Administration and Operations (A&O) Committee, an audit of the Human Resources and Payroll Process and controls for the City of Milwaukee Employees' Retirement System (CMERS) was performed during the period from January 8, 2024, through March 20, 2024. The audit was requested to review, evaluate and test the organization's Human Resource and Payroll process against leading practices, test controls and determine whether control deficiencies existed within the internal control environment or whether there were identified control design or operating deficiencies. This audit cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations.

We have concluded our consulting engagement to perform the procedures described in the attached report. These procedures, which were agreed to by CMERS, were applied solely to assist in evaluating the internal controls of CMERS. Management of CMERS is responsible for their operations and internal controls. The execution and maintenance of adequate internal controls is solely the responsibility of the management of CMERS. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

CliftonLarsonAllen (CLA) was not engaged by CMERS to conduct a financial audit, for which the objective would be the expression of an opinion on the financial statements. Had we been hired to perform an audit of financial statement information in accordance with U.S. generally accepted auditing standards, other issues may have come to our attention that would have been reported to you. Therefore, we express no opinion on the effectiveness of CMERS's controls over all or any part of its financial statements.

Internal Controls Assessment Objectives and Scope

The objective of the Human Resource and Payroll Process Audit was to review, evaluate, and test processes and controls currently in place against leading practices and evaluate operating effectiveness. The focus of the assessment was to address the following risks:

1. Assess the suitability of the design for process and controls over Human Resource and Payroll Process, including the inherent risk of inaccurate payments and non-compliance with financial reporting requirements.
2. Assess the governance and accountability over the Human Resource and Payroll Process, as well as the inherent risks from misappropriation, fraud, and abuse.
3. Compare current state internal controls versus leading practices and test for operating effectiveness.
4. Propose future state changes that mitigate risk or enhance CMERS' internal control structure and outcomes.

The following processes and sub-processes are in-scope, as well as segregation of duties in each area:

The objective of the Human Resources and Payroll Process Audit included the review of processes and controls related to the design and test of operating effectiveness, including:

1. Human Resource Compliance with City Milwaukee Department of Employee Relations (DER)
 - a. Background Check of Eligible Candidates
 - b. Hiring, Transfer, and Promotion of Employees
 - c. Termination of Employees
 - d. Approval of Wage Increases
2. Payroll Process
 - a. Employee Time Sheet Approval
 - b. Payroll Reconciliation
3. System Access Restrictions
 - a. User System Access Review and Approval
 - b. Segregation of Duties
4. Organizational Resilience
 - a. Review and Update of Standard Practice Instructions (SPIs)
 - b. Cross Training Procedures

Procedures Performed

As part of the audit, various techniques were used to audit and assess the effectiveness of the internal controls, including:

1. Interviewed members of CMERS
 - Dan Gopalan, Chief Financial Officer
 - Terry Siddiqui, IT Consultant
2. Gathered supporting documents describing current state processes (e.g., policies, procedures, screenshots, flowcharts, reconciliations, analyses, etc.)
3. Gathered evidence and tested CMERS processes and controls for the following functions;
 - Human Resource Compliance with City of Milwaukee Department of Employee Relations (DER)
 - Payroll Process
 - System Access Restrictions
 - Organizational Resilience
4. Ranked current-state processes against five levels of maturity definition (1. Initial; 2. Repeatable; 3. Defined; 4. Managed; and 5. Optimized)

We would like to acknowledge and thank management with whom we interacted. The time, effort, and discussions they provided were instrumental in our understanding and provided the necessary information to complete our project. During the course of our assessment and audit, management and personnel provided all the materials requested and answered all of our questions promptly.

Audit and Assessment Results – Executive Summary

All the established processes and controls that were assessed during the audit were rated as Defined Maturity*: Management has established defined and documented formalized processes, procedures, and transaction flows that are regularly updated. This level of maturity is considered suitable for these control environments by management and internal audit.

Processes	Control Description	Control Deficiency?	Issues Identified	Process Maturity Level
Human Resource Compliance with City of Milwaukee Department of Employee Relations (DER)	Background checks are performed by the City of Milwaukee DER or their Service Provider for those individuals’ seeking employment at CMERS. Employees passing the background check are then “eligible” to participate in the interview process. All new hires, hired at CMERS had the appropriate documentation required by the DER and exhibited the appropriate level of management approval.	No	None	Defined
	DER policies and documentation requirements surrounding the Hiring, Transfer and Promotion of Employees were properly prepared and exhibited the appropriate approval. Wage increases were properly approved by the CMERS Executive Director.	No	None	Defined
	CMERS employees whose employment terminated, followed DER and CMERS guidelines. The necessary documentation and checklists were properly followed to ensure access to CMERS offices and systems were properly secured in a timely manner.	No	None	Defined
	Prior to receiving an employee wage increase, an annual review of the employee’s performance is conducted. Any employee wage increases are properly approved by the Executive Director and Deputy Director and are properly recorded in PeopleSoft.	No	None	Defined
Payroll Process	Weekly Time Sheets, including time-off requests, are properly approved by the appropriate member of management.	No	None	Defined
	Bi-weekly time reports are properly reviewed and approved by the appropriate member of CMERS management in PeopleSoft. Once complete, the Payroll Clerk performs a final review of the payroll report before it is submitted to the City of Milwaukee.	No	None	



Payroll Process	As an additional test of the control environment, CLA selected a sample of employees from a sample of pay periods and determined that the approved pay rates were properly reflected in each pay period and the employee’s pay was properly calculated.	No	None	Defined
	Monthly, CMERS reimburses the City of Milwaukee for its operating expenses, including payroll expense, which has been incurred during the month. This reimbursement is reviewed by CMERS leadership for accuracy and completeness before payment is made.	No	None	Defined
System Access Controls	Employee access to CMERS systems is reviewed by management twice a year to ensure that ERS’s employees and business partners have the appropriate system access, and that no “high-risk” Segregation of Duties conflicts exist.	No	None	Defined
Organization Resilience	Standard Practice Instructions (SPIs) are regularly reviewed and updated by management to reflect current processes and controls.	No	None	Defined
	Management regularly cross trains and evaluates department personnel as to their ability to competently perform duties outside of the employee’s current role and responsibilities.	No	None	
PROCESS MATURITY DEFINITIONS				
*DEFINED MATURITY	Policies and processes are established and are reviewed and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes. <i>See Appendix for all Maturity Definitions.</i>			

Following the conclusion of our testing of CMERS Internal Control Environment, we identified No Internal Control Deficiencies.

Observations, Recommendations, and Management Responses

None.

Closing

We wish to extend our appreciation to management and staff for their timely cooperation and assistance during the project.

* * * * *

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CliftonLarsonAllen LLP
March 20, 2024



Appendix

Maturity Definitions

Capability Level	Capability Description	Capabilities Attribute
5. Optimized	Policies and processes are continuously reviewed and improved within a highly automated control environment.	<ul style="list-style-type: none"> Processes and controls are continuously reviewed and improved Preventive and detective controls are highly automated to reduce human error and cost of operation. Comprehensive, defined performance metrics exist, with extensive automated performance monitoring. Extensive use of best practices, benchmarking, and/or self-assessment to continuously improve process.
4. Managed	Policies and processes are documented, standardized, regularly updated and controls increasingly use automation.	<ul style="list-style-type: none"> Procedures and controls are well documented and kept current. Preventive and detective controls are employed, with greater use of automation to reduce human error. Many metrics are used with a blend of automated and manual performance monitoring. Best practices and/or benchmarking are used to improve process
3. Defined	Policies and processes are established and are reviewed and updated as needed (e.g., annually) to reflect changing business needs; preventive and detective controls are employed but are primarily reliant on manual activities; performance monitoring is performed using a mix of manual and automated processes.	<ul style="list-style-type: none"> Procedures are well documented, but not kept current to reflect changing business needs. Preventive and detective controls are employed, still reliant on manual activities. Some metrics are used, but performance monitoring is still manual and/or infrequent. Generally occurs during periodic (e.g., annual) policy and procedure renewal.
2. Repeatable	Some standard processes are defined, and success depends largely on "tribal knowledge" and detective controls.	<ul style="list-style-type: none"> Some standard procedures exist, relies on "tribal knowledge." Mostly detective are in place, minimal preventive controls, and highly manual. Few performance metrics exist, thus performance monitoring is inconsistent or informal. Most likely in reaction to audits or service disruptions.
1. Initial	Few processes are defined and success depends on individual effort and heroics.	<ul style="list-style-type: none"> No formal procedures exist. Controls are non-existent or primarily in reaction to a "surprise." There are no metrics or performance monitoring.

**Employees' Retirement System
of the City of Milwaukee**

**Administration & Operations Committee Audit Charter
May 2024**

Purpose

The purpose of this Administration and Operations (A&O) Committee Audit Charter dated May 2024 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 Fraud 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 2024

Purpose

The purpose of this Internal Audit Charter dated May 2024, 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 2024, 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:
 - Third Party Review Of Network Architecture (In Progress)
 - IT Vulnerability Audit (In Progress)
 - CentOS Systems to Red Hat Enterprise Linux 9 Upgrade (In Progress)
 - IP Address Review and Cleanup 2023 (In Progress)
 - DNS Review and Cleanup 2023 (In Progress)
 - AD Review and Cleanup 2023 (In Progress)
 - Firewall Review and Cleanup 2023 (In Progress)
 - Domain Controller Upgrade (Completed)
 - Change Auditor Upgrade (Completed)
 - Altiris/Symantec IT Management Suite Upgrade (Completed)
 - Network Infrastructure Firmware Upgrade (Completed)
 - Storage Area Network Firmware Upgrade (Completed)
 - Titan Upgrade for CMERS.com (Completed)
 - Backup Exec Upgrade (Completed)
 - Struts Upgrade and Modernize MERITS Website (In Progress)
 - Upgrade FileNet P8 to IBM CloudPak4BA (In Progress)
 - Perforce Upgrade (Completed)

- Application Statistics:

Category	High Priority	Low Priority	Total
Current Inventory	9	2	11
PIR's	1	0	1
CCR's	8	2	10
Pending/Hold	0	0	0
Deployed(Awaiting Next stage) /Ready for Production	1	0	1
Net Current Inventory	8	2	10

Portfolio as of June 11, 2024

Project Health	% Work Complete	Priority	Complexity (S / M / L)	Project Name	Project Mgr	Description	Strategic Goal	Status	Additional Vendor Required: Y/N	Actual Start Date	Target Completion Date	Estimates (Hours)	Actuals (Hours)	Hours Variance = Estimates - Actuals
G	99%	1	M	IT Vulnerability Audit @	Zampino	Vulnerability Testing by CLA for 2023	G1	IP	Y	11/15/23	6/30/24	100	63.00	37.00
G	2%	2	M	Microsoft Windows Desktop and Laptop OS Upgrade @	Powell	Upgrade the OS for Desktops and Laptops to the Latest Stable Version	G1	IP	N	2/1/24	10/15/25	100	14.00	86.00
G	1%	3	M	Upgrade CentOS Systems to Red Hat Enterprise Linux 9 @	Zampino	Upgrade CentOS Systems to Red Hat Enterprise Linux 9	G1	IP	N	5/15/24	6/30/24	100	4.75	95.25
G	90%	4	M	Upgrade Backup Exec and Agents on PDBKDR2 and PDBK2 @	Prosser	Upgrade Backup Exec to Latest Stable Version	G1	IP	N	4/30/24	8/31/24	100	75.50	24.50
G	10%	5	M	Investigate Potential Replacements for Tracker/Serena/Solutions Business Manager @	John	Determine and Implement the Replacement Product for Tracker	G1	IP	N	5/3/24	12/31/24	300	3.00	297.00
G	5%	6	M	IP Address Review and Cleanup 2023 @	Powell	Review IP Addresses In Use and Update Related Documentation	G1	IP	N	2/1/24	8/31/24	100	4.50	95.50
G	1%	7	M	DNS Review and Cleanup 2023 @	Powell	Review DNS Entries In All DNS Servers Against the Up-To-Date IP Addresses	G1	IP	N	2/1/24	8/31/24	100	0.75	99.25
G	2%	8	M	AD Review and Cleanup 2023 @	Powell	Review Entire AD Forest and Related Objects	G1	IP	N	2/1/24	8/31/24	100	1.75	98.25
G	1%	9	M	Firewall Review and Cleanup 2023 @	Powell	Complete the Yearly Firewall Review for 2023	G1	IP	N	2/1/24	8/31/24	100	0.50	99.50
G	2%	10	L	Upgrade FileNet P8 to IBM CloudPak4BA	Manchu	Upgrade Scanning, Indexing and Imaging to IBM CloudPak for Business Automation	G1	IP	Y	4/15/24	8/31/25	1,637	20.00	1,617
G	69%	11	L	Upgrade Struts and Modernize MERITS Website	Manchu	Upgrade Struts Framework and Modernize MERITS Web Application	G1	IP	N	6/10/21	12/31/25	18,850	15,258	3,592

Green = On Target / No Significant Issues / All Updates Approved

Yellow = On Watch List – Issues Being Addressed

Red = Project cannot move forward as planned without management attention or approval.

@ = Activity (no charter)

NS = Not Started

OH = On Hold

IP = In Process

C = Completed

Completed Projects & Tasks in Last 12 Months

	Finished	Hours
Upgrade Network Infrastructure Firmware/OS @ (Zampino)	5/30/2023	43 hours
Upgrade SAN Firmware and DSM @ (Raynal)	5/9/2023	30.75 hours
Upgrade Perforce @ (John)	5/31/2023	22 hours
DNS Review and Cleanup 2022 @ (Prosser)	6/2/2023	24 hours
AD Review and Cleanup 2022 @ (Prosser)	8/31/2023	89.75 hours
Upgrade Splunk @ (Zampino)	8/9/2023	24.5 hours
Upgrade Planet Press @ (John)	8/16/2023	51.75 hours
Upgrade VMware Host Servers @ (Prosser)	9/27/2023	467.5 hours
Upgrade Tape Libraries and Tape Media at Femrite and 789 @ (Prosser)	9/27/2023	49.75 hours
Upgrade Microsoft Office @ (Powell)	9/28/2023	19.5 hours
Disaster Recovery Test @ (Siddiqui)	9/30/2023	40 hours
Deployment of Endpoint Detection and Response (EDR) @ (Zampino)	10/19/2023	82.25 hours
Upgrade 789 and RO PC Firmware @ (Powell)	12/31/2023	19 hours

Completed Projects & Tasks in Last 12 Months

	Finished	Hours
Upgrade Printer Firmware @ (Powell)	12/31/2023	10 hours
Change Our Bank from Wells Fargo to US Bank @ (Manchu)	1/18/2024	112 hours
Upgrade Backup Exec and Agents to Latest Stable Release on PDBKDR2 and PDBK2 @ (Prosser)	1/12/2024	10.5 hours
Upgrade Server Firmware @ (Prosser)	2/9/2024	129.75 hours
Upgrade Domain Controllers (cmers and ersom) @ (John)	3/28/2024	146 hours
Titan Upgrade for CMERS.com @ (Zaffiro)	3/28/2024	16.25 hours
Perforce Upgrade @ (John)	4/17/2024	34 hours
Upgrade Network Infrastructure Firmware/OS @ (Zampino)	4/24/2024	91 hours
Change Auditor Upgrade @ (Prosser)	4/30/2024	9.75 hours
Upgrade Tracker/Serena Business Manager/Solutions Business Manager @ (John)	5/1/2024	31.75 hours
Upgrade SAN Firmware and DSM @ (Raynal)	5/8/2024	23.25 hours
Upgrade Altiris/Symantec IT Management Suite @ (Prosser)	5/8/2024	31.25 hours

Organizational/Personnel Update

Administration and Operations Committee

Tuesday, June 18, 2024

The ERS has no vacancies.