



WEDC BOARD OF DIRECTORS AUDIT COMMITTEE MEETING MINUTES

*WEDC 6th Floor Conference Room
201 West Washington Avenue
Madison, WI 53703*

**July 5, 2017
3:00 – 4:00 P.M.**

COMMITTEE MEMBERS PRESENT:

COMMITTEE MEMBERS PRESENT VIA TELECONFERENCE:

- R.D. Nair, Professor – UW School of Business
- Dave Drury, WING Capital Group
- Ray Dreger, President & CEO, Seeds 'N Stuff
- Representative Peter Barca, 64th Assembly District
- Representative Rob Hutton, 13th Assembly District

COMMITTEE MEMBERS EXCUSED:

THINK·MAKE·HAPPEN.

CALL TO ORDER AND ROLL CALL

R.D. Nair called the Audit Committee meeting to order at 3:02 p.m.

APPROVAL OF MINUTES FROM THE JUNE 2, 2017 AUDIT COMMITTEE MEETING

Draft minutes from the June 2, 2017 Audit Committee meeting were distributed to all committee members prior to this meeting.

Representative Rob Hutton motioned to approve the meeting minutes. Motion seconded by Ray Dreger with a unanimous vote to approve the meeting minutes.

REPORT ON FY17 COMPLIANCE PLAN YEAR END RESULTS

Jennifer Jin discussed the Q4 results of WEDC's FY17 Compliance Plan with the Committee.

1. Standards of Conduct

- The Compliance & Ethics Committee met monthly to discuss updates to current administrative procedures and the creation of a new Records Disposition Authorization schedule for WEDC documents.

2. Oversight

- WEDC's Ethics Hotline is scheduled to go live in July, 2017. The Compliance Team has been working with NAVEX Global to resolve glitches with WEDC's report routing tree before the hotline launch.

3. Education & Training

- In Q4, Insights Discovery personal effectiveness courses were delivered to three new employees, three sessions of WEDC's Leadership Learning series were delivered to current staff, and all WEDC employees were required to complete the basic "Lean 101" eLearning module. Staff have also begun collaborating with department managers to create employee Learning Paths which will consolidate required training for all employees.

4. Monitoring & Auditing

Internal Reviews

- Based on findings from the 1st quarter review, updates to the award application process have been complete. We removed two sections from the standard applications, and created the "Opportunity Recommendation Memo" to include the removed sections. This Memo is to be completed by WEDC staff, and submitted along with the application.
- Risk Management completed its internal monitoring on Data Quality Review (DQR) of Performance Reports. Overall, the primary findings in this monitoring related to timeliness of processing these reports. The Operations and Program Performance Team has been reviewing these processes and working to lay out expectations.
- Quality Assurance staff completed internal monitoring on the Schedule of Expenditures ("SOE") process.
- Risk Management completed its internal monitoring on 9.4. Travel and Expense Reimbursement of the Code. Based on the findings in this internal report, along with LAB's observations, Finance will be making changes to the current Travel and Expense Reimbursement Policy. The expected effective date for these changes is July 1, 2017.

External Reviews

- The LAB Audit Report 17-9 was released in May, 2017. It includes 19 recommendations and suggestions on corrective actions. After the exit meeting with LAB, WEDC formed a group to review this report and address its recommendations. This group undertook an extensive process of reviewing each of these recommendations to ensure that corrective actions are taken. With the exception of a data-sharing initiative led by the Center for Regional Economic Competitiveness (CREC), in which WEDC is participating along with the Wisconsin Department of Revenue (DOR) and Department of Workforce Development (DWD), WEDC expects to fully implement the outlined corrective action relating to LAB's recommendations prior to December 31st, 2017. The actions items resulting from the data-sharing project are expected to be implemented by early 2018.
5. Reporting & Investigating
 - Once WEDC's new Ethics Hotline system is live, it will be managed by a team of WEDC investigators who will report annually on the status of this Hotline in the Compliance Report.
 6. Enforcement & Discipline
 - Findings from internal monitoring were discussed with the managers responsible, and have been or are in the process of being corrected.
 7. Response & Prevention
 - WEDC is continuing to implement responses to the recommendations from LAB's Audit Report 17-9.

DISCUSS AND VOTE ON FY18 COMPLIANCE PLAN

Jenn Jin outlined WEDC's FY18 Compliance Plan with the Board. The FY18 plan mirrors the FY17 plan in regards to the Compliance & Ethics Committee meetings, employee training, independent loan and grant verification, and employee performance reviews.

The FY18 Compliance Plan includes:

- An annual update within the Compliance Report on cases submitted to the Ethics Hotline system.
- Follow-up from the FY17 internal monitoring will be conducted in the following areas: Inventory security, physical security, application process, key logs, schedule of expenditures, and procurement.
- FY18 internal monitoring will be conducted in the following areas: post-close review, underwriting guidelines/checklists, salesforce status, travel and expenses reimbursement, disbursements, collections and personally identifiable information.
- WEDC's independent auditor, Sikich, will conduct a presentation its FY17 audit for the Board in the fall of FY18 and LAB will start its next scheduled audit in the fall of FY18.
- WEDC will administratively close all grants and loans issued by the Wisconsin Department of Commerce that were inactive at the time WEDC became fully operational.

Dave Drury moved to approve the FY18 Compliance Plan, motion seconded by Representative Rob Hutton with a unanimous vote to send the FY18 Compliance Plan to the Board for final approval.

ADJOURNMENT

The meeting was adjourned at 3:53 p.m.