



WEDC BOARD OF DIRECTORS AUDIT COMMITTEE MEETING MINUTES

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

**November 6, 2017
1:00 – 2:00 P.M.**

COMMITTEE MEMBERS PRESENT:

- R.D. Nair, Professor – UW School of Business
- Dave Drury, WING Capital Group

COMMITTEE MEMBERS PRESENT VIA TELECONFERENCE:

- Ray Dreger, President & CEO, Seeds 'N Stuff
- 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 1:01 p.m.

**APPROVAL OF MINUTES FROM THE JUNE 2, 2017 AND
JULY 5, 2017 AUDIT COMMITTEE MEETINGS**

Revised minutes from the June 2, 2017 and draft minutes from the July 5, 2017 Audit Committee meetings were distributed to all committee members prior to this meeting.

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

YEAR END COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Dan Berg from Sikich presented the CAFR to the Committee. Sikich issued a 'clean opinion' of WEDC. They did not encounter any difficulties in performing their audit, there were no disagreements with WEDC management, and WEDC did not seek a consultation with other independent accountants. Any adjusting entries found during the audit were resolved by WEDC management. WEDC again earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

This was the first year that a Single Audit was required for WEDC's federal programs. Sikich provided one recommendation, which was also provided as part of the CAFR audit, which was to review the user access rights within WEDC's payroll system software to ensure that employees have access to the systems they need to do their job, but not extraneous system access. WEDC management agreed with this recommendation and have already limited administrator access to only the Payroll & Benefits Specialist and Human Resources Assistant. For control purposes, the Vice President of Human Resources will continue to receive a bi-weekly report from PDS that includes a change report showing all hires, terminations, and pay changes and this report will be reviewed bi-weekly for accuracy.

**VOTE ON RECOMMENDING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
AUDITOR'S COMMUNICATION TO THE BOARD**

Dave Drury motioned to recommend the Board accept the Comprehensive Annual Financial Report and Auditor's Communication. Ray Dreger seconded the motion with a unanimous vote to recommend the Board accept the Comprehensive Annual Financial Report and Auditor's Communication.

REVIEW AND VOTE ON LAB AUDIT RESPONSE

Mark Hogan informed the Board that WEDC staff met frequently after the June 2nd Audit Committee meeting to outline the approved responses to the Legislative Audit Bureau (LAB) audit in more detail. Four of LAB's recommendations fall within the category of job verification where LAB recommended that WEDC work with the Department of Workforce Development (DWD) to verify the job information submitted by loan/grant recipients. WEDC is in the process of completing a memo of understanding with DWD to access their employment information and is currently working to create an internal process that will allow WEDC staff to compare DWD's data with the employment statistics submitted to WEDC by loan/grant recipients.

Mark Hogan also noted that the audit responses would be brought to the Board in January and submitted to the Joint Legislative Audit Committee following the Board's approval. Joe Chrisman, Dean Swenson, and Kendra Epler from LAB then answered questions from members about the audit.

Dave Drury motioned to recommend the Board accept the LAB audit responses. Ray Dreger seconded the motion with a unanimous vote to recommend the Board accept the LAB audit responses.

FY18 Q1 COMPLIANCE PLAN REPORT REVIEW

Jenn Jin and Brooklyn Mashaw outlined the first quarter updates to WEDC's FY18 Compliance Plan with the Committee.

Quarter one updates to the FY18 Compliance Plan include:

- **Standards of Conduct**
 - The Compliance and Records division will be separated into two areas with a Compliance Manager and a Records Manager.
 - The Compliance & Ethics Committee continues to meet monthly, and moving forward, will be focusing on the areas of procedure review, required reporting, internal monitoring, and process improvement. To better outline all WEDC processes, an index is being developed that will incorporate organization wide status of procedure reviews and internal monitoring.
 - Program guidelines were approved by the Board of Directors and are effective July 1, 2017.
- **Oversight**
 - The WEDC Ethics Hotline was implemented on July 25th, 2017
 - The Employer of Choice (EOC) Committee continues to meet monthly.
- **Education and Training**
 - The Human Resources (HR) team created and facilitated 3 Leadership Learning Series classes for managers and 3 Insights® Discovery classes.
 - HR is continuing to map learning and professional development for each role at WEDC and will use the EOC subcommittee as a "focus-type" group to provide input and feedback about these learning paths.
- **Monitoring and Auditing**
 - The Internal Monitoring team is currently working on monitoring the areas of tax credit verifications, performance reports, and data quality review of post-close process.
 - WEDC is in the final stages of choosing an outside firm to perform WEDC's independent verification. Selection and approval by the Budget and Finance Committee will be finalized by mid-November. For Fiscal Year 2017, WEDC is extending this scope of the audit beyond its grant and loan programs, to include its tax credit programs.
 - The Commerce Program Close-out project is moving forward and interns have been hired to work with the Records Manager on the project. A list of Commerce projects that should have been closed prior to projects being transferred to WEDC will be identified by the Records Manager. Once identified, the paper files will be pulled, retention dates will be assigned, and the records will be moved to the State Records Center.

ADJOURNMENT

The meeting was adjourned at 1:46 p.m.