



Milwaukee County Retirement Plan Services

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Date: February 16, 2018

To: Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

From: Amy Pechacek, Interim Director of RPS *AP*

Subject: **Informational Report on the Baker Tilly Agreed-Upon Procedures Review Audit Phase 3 Management Response**

Baker Tilly Agreed-Upon Procedures Review –Phase 3 Management Response

Background

Baker Tilly conducted a three phase Agreed-Upon Procedures audit to determine what Employee Retirement Services (“ERS”) issues may currently exist in the form of benefit errors and the necessary administrative controls needed to reduce these errors. Retirement Plan Services (“RPS”) and Baker Tilly mapped out the timeline for the audit, which commenced onsite on April 10, 2017 and concluded in October of 2017. Phase 1 of the audit focused on the areas of greatest concern as identified by RPS staff, the Audit Division of the Comptroller’s Office, the Office of Corporation Counsel and outside counsel, and based on previously uncovered issues as identified through prior errors and the Voluntary Correction Plans (“VCP”). Please see files #17-154, 17-166, 17-243, 17-321, 17-340, 17-405, 17-532, 17-567, and 17-659 for details. The two additional phases of the audit were outlined in previously submitted scope documents as discussed in files #17-340 and 17-659. Phase 2 included expanded research into the factor table issue uncovered during Phase 1 via the random sampling. Lastly, Phase 3 consisted of the consulting aspects and document process improvement recommendations from Baker Tilly to assist RPS in more efficient and accurate operations moving forward. Baker Tilly’s Phase 2 and Phase 3 reports were submitted with files #17-641 and 17-653. This report submission contains the auditing standard Management Response letter to the Phase 3 findings.

Phase 3 Management Response

The attached document, submitted as Exhibit A, is the RPS Management Response to the Phase 3 Baker Tilly Agreed-Upon Procedure audit recommendations. The document outlines each of the 17 recommendations made by Baker Tilly and the associated progress on implementation. The Director of Retirement Plan Services in conjunction with the Director of Audits will provide quarterly or semi-annual progress updates on the action items listed.

Thank you.

Cc: Supervisor Peggy A. West, Chairwoman, Finance and Audit Committee
Supervisor James Schmitt, Chairman, Personnel Committee
Chris Abele, County Executive
Finance and Audit Committee
Personnel Committee
Kelly Bablitch, Chief of Staff, County Board
Raisa Koltun, Chief of Staff, Office of the County Executive
Teig Whaley-Smith, Director, Department of Administrative Services
Scott Manske, Comptroller
Jerry Heer, Director of Audit, Office of the Comptroller
Kerry Mitchell, Chief Human Resources Officer