



State of Wisconsin
Department of Employee Trust Funds
4822 Madison Yards Way
Madison, WI 53705-9100
P. O. Box 7931
Madison, WI 53707-7931

Contract by Authorized Board

Commodity or Service:

Contract No./Request for Proposal No:

Compliance Audit for the State of Wisconsin Deferred
Compensation Program Administrative Services Contract

ETH0048 dated September 21, 2021

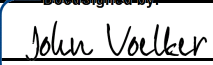
Authorized Board: State of Wisconsin Employee Trust Funds Board

Contract Period: Upon the Effective Date and will extend unless and until either party gives the other one hundred eighty (180) days' notice of their intent to cancel this Contract.

1. This Contract is entered into by the State of Wisconsin Department of Employee Trust Funds (Department or ETF) on behalf of the State of Wisconsin Deferred Compensation Board (Board), and Wipfli, LLP (Contractor), whose address and principal officer appear below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and Contractor agrees to supply the Contract requirements in accordance with the Department Terms and Conditions, and the documents specified in the order of precedence below, hereby made a part of this Contract by reference.
3. The Department and the Contractor signed a memorandum of understanding on April 24, 2019 indicating that the parties would enter into a contract no later than January 1, 2022 for Contractor to audit the State of Wisconsin Deferred Compensation Program Administrative Services Contract. The parties agree that this Contract resolves and replaces the memorandum of understanding.
4. Contractor's audit of the State of Wisconsin Deferred Compensation Program Administrative Services Contract will include the work described in the attached scope of work, cover January 1, 2021 through December 31, 2021 and not exceed \$28,000.
5. For purposes of administering this Contract, the order of precedence is:
 - (a) This Contract dated September 21, 2021;
 - (b) The memorandum of understanding dated April 24, 2019;
 - (c) Request for Proposal (RFP) ETH0048 dated October 17, 2018; and,
 - (d) Contractor's proposal dated November 28, 2018.

Contract Number & Service: ETH0048 Compliance Audit for the Wisconsin Deferred Compensation Program
Administrative Services Contract

This Contract shall become effective upon the date of last signature below (the "Effective Date").

State of Wisconsin Department of Employee Trust Funds	
Authorized Board:	State of Wisconsin Deferred Compensation Board
By (Name):	A. John Voelker, Secretary Department of Employee Trust Funds
Signature:	 <small>DocuSigned by: 1EB9C35D52DD41E...</small>
Date of Signature:	9/21/2021

Contractor	
Legal Company Name:	WIPFLI, LLP
Trade Name:	WIPFLI, LLP
Taxpayer Identification Number:	39-0758449
Contractor Address (Street Address, City, State, Zip):	2501 West Beltline Hwy, Suite 401 Madison, WI 53713
Name & Title (print name and title of person authorized to legally sign for and bind Contractor):	Zachary D. Mayer, CPA, Partner
Signature:	 <small>DocuSigned by: D6A1C828935C45B...</small>
Date of Signature:	9/21/2021
Email:	zmayer@wipfli.com
Phone:	608.274.1980

**Agreed-upon procedure (AUP) Compliance Audit of the
State of Wisconsin Deferred Compensation Program Administrative Services Contract
administered by Great-West Life & Annuity Insurance Company (known as Empower Retirement)
covering calendar year 2021**

A. Statement of Work 2021

- A. Test compliance of selected Strategic Partnership Plan Scorecard goals for 2021 including number of individual counseling sessions to Third Party Administrator (TPA)-provided supporting documentation. Determine if recordkeeping fee increase was calculated correctly based on monthly charges to ETF and achievement of 2020 goals. (contract requirements 2.23 and 2.23.C.5)
- B. At a minimum, test identified data from the required reports sent from Empower to ETF (contract requirement 2.23):
 - 1. Performance Standards Update (due to ETF 45 days after quarter end)
 - a) call center response time, busy signal and abandoned call rates agreed to TPA-provided supporting documentation
 - 2. Investment Performance Review (due to ETF 45 days after quarter end)
 - a) Performance benchmarking for 4-5 investment options to ensure data accuracy to Morningstar or other published sources
 - b) Ensure accuracy of reported expense ratios for 4-5 investment options by comparison to Morningstar or other published sources
 - c) Recalculate overall plan expense ratio (asset weighted average expense ratio)
 - 3. Obtain TPA's underlying calculation of selected data within the Annual Plan Report (due to ETF 120 days after year end)
 - a) average annual contribution for local, state and combined
 - b) plan contribution history (for last two years)
 - c) average participant annual contribution
 - d) contribution and withdrawal summary (if not already part of something else in one of the audits)
 - e) distributions – full and partial payouts for death, de minimus and service credit
- C. Participant Statements (contract requirements 2.23 and 5.1): Include test of accuracy of administrative fees charged to participants. (proposed sample - 25).
- D. Enrollment Processing – test a sample of participants from the census to ensure eligibility for the plan as well as that they were actual employees (proposed sample – 25).
- E. Participant Deferrals (contract requirements 2.17B and 2.34):
 - a. test a sample of participants from the contributions listing, ensure contribution matches payroll center documentation, including deferral limits and effective date/timeliness (proposed sample – 25).
 - b. Participant 50+ and special catch-up contributions – test a sample of participants to ensure that IRS maximums were not exceeded. For those that did exceed, that a proper corrective distribution was issued (proposed sample – 40).
- F. Hardship withdrawals (contract requirement 2.28) –
 - a. Testing of CARES withdrawals to verify a completed self-certification form was submitted (proposed sample – 25).
 - b. Test a sample of hardship withdrawals taken in 2021 for proper and complete withdrawal request form, including documentation of the reason for hardship. (proposed sample – 25, unless the population is less than 200).
- G. Distributions (contract requirements 2.25 and 2.34):
 - a. Send withdrawal confirmations to a sample of participants (proposed sample – 40).
 - b. Sample a group of individuals requiring RMDs to ensure they are correctly receiving a Required Minimum Distribution (RMD) (proposed sample – 25).
 - c. Sample a group of individuals requesting age 59 ½ in-service distributions to ensure they are eligible for the distributions (proposed sample - 25).

- H. Domestic Relation Orders (DROs) – test a sample of DROs taken during the year to a proper and complete withdrawal request form, including a copy of the court order (proposed sample – 25, unless the population is less than 200).
- I. Transfers – (contract requirement 2.17C): obtain a list of participant-elected transfers (non-system generated rebalances) and verify timeliness. Select a sample and send confirmations to participants (proposed sample – 25).
- J. Rollovers to the WDC – (contract requirement 2.29): funds rolled to the WDC were eligible to be rolled over and that the funds are maintained in a separate account. (proposed sample – 25)
- K. Wipfli will send a generic confirmation to a sample of participants asking them to review deferral amounts, investment elections, withdrawals, transfers, and other items. Wipfli believes this to be necessary as part of the financial statement audit, and will include results in this AUP. (proposed sample – 25).
- L. Equity Wash – (contract requirement 2.17D): account transfers out of the stable value fund did not go to competing options. (proposed sample – 25)
- M. Fund Selection and Termination – (contract requirements 2.2.CC C&D): followed for option changes. For fund lineup changes, obtain plan level statement for the transaction date and verify the closed fund balance is zeroed and the new fund received the full balance.

Wipfli will base sample sizes on the following guidance from Practitioners Publishing Company (PPC):

Expected No. of Deviations	Control Risk Assessment & Population Size					
	Low (5-7% Tolerable Rate)			Moderate (8-10% Tolerable Rate)		
	<100	100-200	>200	<100	100-200	>200
0	30	35	40	20	22	25
1	45	50	60	30	35	40
2	65 a	75 a	90	45 a	50 a	60

B. Estimated Audit Schedule

Event	Date
Entrance Conference (finalize SOW and update timeline as needed)	November-December 2021
Planning and evaluation of internal controls	January 2022
Data gathering, finalization of testing plan, sampling	February 2022
Detail testing and fieldwork	March 2022
Resolve expectations, file reviews, exit conference and report finalization	April 2022
Draft AUP report due to ETF	April 20, 2022
Final AUP Report due for DC Board	April 30, 2022

C. Payment Schedule

Costs will not exceed \$28,000 and will be billed in two invoices:

Invoice 1 for \$14,000 – payable by the Department after February 2022 progress check in.

Invoice 2 for \$14,000 – payable by the Department after Department's satisfactory receipt of Final AUP Report.