

**Request for Proposals
ETI0035**

**Financial Statements Audits for the
Wisconsin Deferred Compensation Program**



**Issued by the State of Wisconsin
Department of Employee Trust Funds
on behalf of the
Deferred Compensation Board**

RFP Release Date: February 13, 2019

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1 GENERAL INFORMATION

1.1 INTRODUCTION

The purpose of this Request for Proposal (RFP) is to provide interested and qualified vendors with information to enable them to prepare and submit competitive Proposals to perform audits of the Wisconsin Deferred Compensation (WDC) Program financial statements created by the Department.

On behalf of the Deferred Compensation Board (Board), the State of Wisconsin Department of Employee Trust Funds (Department) intends to use the results of this solicitation to award a Contract for the annual audits of the financial statements of the WDC. The Contract will be administered and managed by the Department, with oversight by the State of Wisconsin Deferred Compensation Board (Board). This RFP document, its attachments, and the awarded Proposal will be incorporated into the Contract.

1.2 PROGRAM OVERVIEW

1.2.1 Program Overview

The WDC Program is permitted under Section 457 of the Internal Revenue Code. It was created by the Wisconsin Laws of 1981, Ch. 187 and established in 1982 for state employees and made available to local public employees in 1985. Wisconsin Statute Chapter 40, Subchapter VII, Chapter ETF 70 of Wisconsin Administrative Code and the Wisconsin Plan and Trust Document regulate the WDC Program and set forth the rules and responsibilities of all parties involved with the WDC Program.

The WDC Program is an unbundled deferred compensation program through which over 64,000 public sector employees in Wisconsin have invested over \$4.9 billion, as of December 31, 2018. The WDC Program provides eligible employees with the opportunity to set aside a portion of their annual earnings on either a tax-deferred basis or post-tax (“Roth”) basis to supplement future retirement income. Federal tax law sets forth certain limitations and restrictions that must be followed including the amount of employee compensation that can be deferred as well as when and how account balances can be distributed. There is currently no minimum per pay period contribution required of a participant. The maximum annual contribution is generally the lesser of the regulatory indexed limitation (currently \$19,000 excluding any catch-up amounts) or 100% of adjusted gross compensation.

The Board has statutory authority for the WDC Program and the Department is responsible for all aspects of WDC Program administration. The Board contracts with a third party administrator (Administrator) for a full range of functions to administer the Program, including marketing, customer service, recordkeeping and overall program administration. The current Administrator is Great-West Life and Annuity Insurance Company, which provides the WDC with four (4) categories of service through the following subsidiaries as noted below:

1. Recordkeeping services provided by Empower Retirement;
2. Brokerage services provided by Financial Administrative Services Corporation;
3. Managed account services provided by Advised Assets Group; and
4. Investment performance reports for the Deferred Compensation Board provided by Great-West Financial

WDC Program participants have considerable flexibility with their deferred compensation accounts. Participants may defer funds into any number of investment products that are offered without restrictions as to the number of investment products selected or the number of times deferral amounts may be increased or decreased.

Participants also have unlimited opportunities to redirect future deferral amounts and transfer past deferral amounts to any of the investment products offered by the WDC Program. Participants can access their WDC account with a touch tone telephone seven days a week, twenty-four hours a day via the IVR telephone system as well as by logging in with a password to a protected section of the WDC website (www.wdc457.org). Both systems allow participants to obtain account balance information as well as current and past performance information for the WDC's various options. Participants can also complete transactions (e.g., reallocation of deferrals, transfer existing account balances) using these systems.

The WDC Program accepts transfers of assets rolled-in from Section 401(a), 401(k), 403(b), and other 457 plans as well as individual retirement accounts (IRAs) and will roll-out assets to eligible retirement plans, including other Section 457 plans. A WDC Program participant may use all or a portion of his/her account balance as a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in IRC Section 414(d)), including the Wisconsin Retirement System (WRS), to purchase permissive service credit or for the repayment of service credits.

The current financial statement auditor is Coleman and Williams, who was awarded the contract in 2015. To view the 2017 financial statement audit report, go to <http://etf.wi.gov/boards/agenda-items-2018/dc1115/item15d.pdf>. The current contract will expire in June 2019. More information can be found on ETF's extranet at <http://etfextranet.it.state.wi.us>. Choose "Contract Administrators/Vendors" and scroll down to ETE0011 and the hyperlink to the procurement materials from the prior procurement process. Note: ETE0011 was an RFB (Request for Bids). This is an RFP (Request for Proposals). Current RFP materials are posted on the same site under RFB ETI0035.

1.2.2 Investment Products

By Wisconsin Statute and Administrative Code, the Board is responsible for selecting and monitoring the investment options offered under the WDC Program. The WDC Program is an unbundled plan, meaning that recordkeeping and investment options are separated. The Administrator does not provide investment options for WDC participants.

WDC investment options range from conservative fixed and bond funds to more aggressive mid/small cap and international equity funds. Collective investment trusts are offered as well as mutual funds. The WDC Program also offers a self-directed brokerage account through the Charles Schwab Personal Retirement Account option and an asset allocation service. Participants who elect to enroll in the WDC Program's asset allocation service are able to design and maintain their own diversified investment portfolio for their WDC Program assets. Please refer to the WDC website for investment option information.

The Board and the Department take a very active role in investment product decisions. The Department assists a separate advisory Investment Committee of the Board in reviewing investment options. The investment performance of current offerings is reviewed quarterly and decisions regarding retaining or removing options are based on this review. The Board has the final decision-making authority over the removal of investment options from the WDC Program.

To assist the Board in its review, the Administrator prepares a quarterly evaluation of all investment products offered by the WDC. This report includes:

- a detailed analysis of the performance of the investment products compared to appropriate indices;

- information on the credit worthiness of the company offering the product;
- evaluations of the products' continued ability to meet predetermined criteria; and
- recommendations for retaining or replacing investment products offered.

The Board determines which investment options will be offered through the WDC Program. Investment options are typically selected through a search process by utilizing specific criteria for each option type, as established by the Board. The Administrator is responsible for providing expertise to the Board and the Department regarding monitoring and evaluating investment companies and products and is required to provide analysis and recommendations regarding retaining, removing and adding investment products.

1.2.3 Plan Administration

A competitive bid process in 2005 resulted in the selection of Great-West Life and Annuity Insurance Company as Administrator of the WDC Program. Subsidiaries of Great-West Life and Annuity Insurance Company provide the following services to the WDC:

- marketing to both employers and employees;
- enrollment;
- customer service;
- investment education to participants;
- data processing;
- recordkeeping; and
- legal, actuarial, accounting and financial investment assistance to the Board and Department.

In addition to the State of Wisconsin agencies, boards, commissions and councils that offer the WDC Program as a benefit to their employees, there are over 925 separate local public employer payroll reporting units that submit records of participant deferrals to the Administrator. The Administrator's staff markets the WDC Program to all state, eligible local government, and school district employers and provides training and assistance to participating public employers' payroll staff on the processing of deferrals and changes to participant accounts.

In addition to customer service for participants and employers, the Administrator is also responsible for maintaining participant account records as well as all other recordkeeping functions of the WDC Program. All investment products are unallocated, which means the investment companies maintain one account only for WDC Program assets. The Administrator maintains all participant records and provides consolidated reporting of all account activity.

1.2.4 Participant Fees

The Board determines the amount of fees or charges that participants will be assessed to generate sufficient revenues to cover all WDC Program administrative costs. Fees are reviewed on an annual basis and adjusted based on projections of plan growth, administrative costs and estimated Department costs.

In 2017 a new participant fee structure was initiated by the Board to provide more equity for participants with larger account balances while encouraging those who are just beginning to save for retirement by not charging a fee until account balances are greater than \$5,000. The tiered asset fee schedule that was adopted addresses the equity issue and has been well received by participants. Current WDC Program participant fees are listed in Table 1 below.

Table 1 - WDC Participant Fees

IF PARTICIPANT BALANCE IS BETWEEN:	FEE PER MONTH/YEAR IS:
\$0 to \$5,000	\$0 month/ \$0 year
\$5,001 to \$25,000	\$1.00 / \$12.00
\$25,001 to \$50,000	\$3.00 / \$36.00
\$50,001 to \$100,000	\$6.00 / \$72.00
\$100,001 to \$150,000	\$8.00 / \$96.00
\$150,001 to \$250,000	\$11.00 / \$132.00
Over \$250,000	\$16.00 / \$198.00

There are no additional costs assessed to participants for administration of the WDC Program. Because the WDC Program uses publicly traded mutual funds, there are additional investment management fees as reflected in each fund's internal expense charges and disclosed to participants in the mutual funds' prospectuses. Certain companies contracted by the Board to provide an investment product reimburse the WDC Program for administrative costs that they would normally provide if they were handling recordkeeping at the participant level. These reimbursements are in the form of either an asset-based reimbursement or a proportionate share of the marketing material costs. Any amounts paid to the Administrator from the investment providers are returned to participants following the Board's Investment Option Selection and Reimbursements Policy.

1.3 ADDITIONAL BACKGROUND INFORMATION

The Department administers the Wisconsin Retirement System (WRS), the group health insurance program for state employees and many local governments, and a variety of other public employee benefit programs. The WRS is the 8th largest pension system in the nation and the Department's largest program, providing retirement benefits for more than 630,000 current and former state and local government employees on behalf of approximately 1,500 employers. Participants include public school teachers, current and former employees of Wisconsin's state agencies, and employees of most local governments other than the City of Milwaukee and Milwaukee County. The Department is overseen by an independent governing board and funds are held on behalf of benefit program beneficiaries in the Public Employee Trust Fund created and controlled by Chapter 40 of the Wisconsin Statutes.

Table 2 below provides links to additional background information. This information is provided to assist Proposers in completing an RFP response.

Table 2. - Additional Background Information

Title	Web Address
Employee Trust Funds website	http://etf.wi.gov
Ch. ETF 70, WI Admin. Code	http://docs.legis.wisconsin.gov/code/admin_code/etf/70
Wisconsin State Statutes Chapter 40	http://docs.legis.wisconsin.gov/statutes/statutes/40
WDC 2017 Program Fact Sheet	http://etf.wi.gov/publications/et8904.pdf

1.4 PROCURING AND CONTRACTING AGENCY

This RFP is issued by the Department on behalf of the Board. The Department is the sole point of contact for the State of Wisconsin in the selection process. The terms “State,” “ETF,” and “Department” may be used interchangeably in this RFP and its attachments.

Prospective Proposers are prohibited from contacting any person other than the individual listed here regarding this RFP. Violation of this requirement may result in the Proposer being disqualified from further consideration.

<u>Express delivery</u>	<u>United States Postal Service delivery</u>
Dept. of Employee Trust Funds Joanne Klaas RFP ETI0035 Hill Farms State Office Building (HFSOB) 8th Floor North Tower (Visitor’s Entrance) 4822 Madison Yards Way Madison, WI 53705-9100 Telephone: 608-261-7247 E-mail: ETFSMBProcurement@etf.wi.gov	Dept. of Employee Trust Funds Joanne Klaas RFP ETI0035 P.O. Box 7931 Madison, WI 53707-7931

NOTE: Deliveries are accepted from 8:00 a.m. – 4:00 p.m. central time Monday through Friday. No deliveries may be made to the Department on Saturdays, Sundays, and State Holidays as the office is closed on those days. The Department is not responsible for picking up Proposals at the post office or any courier office.

If Proposers are dropping off Proposals:

The street address for the HFSOB parking garage is 4846 Sheboygan Avenue, Madison.

A visitor pass from the security desk on the 1st floor of 4822 Madison Yards Way is required for access to the Department of Employee Trust Funds’ reception area on the 8th Floor of the North Tower. Proposers must check in and wait until the boxes containing the Proposals have been dated and time stamped.

Proposals will not be accepted after 2:00 p.m. CST on March 13, 2019.

1.5 DEFINITIONS

Words and terms shall be given their ordinary and usual meanings. Words and terms not defined below shall have the meanings provided by Wis. Stat. § 40.02 and Wis. Admin. Code § ETF 10.01 unless otherwise clearly and unambiguously defined by the context of their usage in this RFP. Where capitalized or not in this RFP, the following definitions and acronyms shall have the meanings indicated unless otherwise noted. The meanings shall be applicable to the singular, plural, masculine, feminine, and neuter forms of the words and terms.

Administrator means the third party firm contracted to provide administrative services for the Wisconsin Deferred Compensation Program.

Auditor/Contractor means the firm who audits the WDC Program's financial statements.

Beneficiary means the person or estate entitled to receive WDC benefits after the death of a Participant.

Board means State of Wisconsin Deferred Compensation Board.

Business Day means each Calendar Day except Saturday, Sunday, and official State of Wisconsin Holidays (see also: Calendar Day, Day).

Calendar Day refers to a period of twenty-four hours starting at midnight.

Calendar Year means the time period from January 1 to December 31.

Contract means the written agreement resulting from the successful Proposal and subsequent negotiations that shall incorporate, among other things, this RFP, the successful Proposer's Proposal as accepted by the Department, the Department Terms and Conditions, an updated and executed Appendix 1 Pro Forma Contract, its exhibits, subsequent amendments and other documents.

Contractor means the Proposer who is awarded the Contract.

Cost Proposal means the document submitted by Proposer that includes Proposer's costs to provide the Services. The Microsoft Excel workbook attached as FORM H – Cost Proposal Workbook is the required document all Proposers must submit. The Cost Proposal is described in Section 8 and elsewhere in this RFP.

Day means Calendar Day unless otherwise indicated.

Department or ETF means the Wisconsin Department of Employee Trust Funds.

Financial Statement means a report of basic accounting data intended to assist the Board in understanding the WDC Program's financial history and current operations.

Fixed price means the fee to be paid by ETF on behalf of the Board to the Contractor as payment for the Services. The fee paid will be an exact amount as defined in the Contract.

Mandatory means the least possible threshold, functionality, degree, performance, etc. needed to meet a compulsory requirement.

Participant means an individual who is currently deferring compensation, or who has previously deferred compensation under the WDC Program, or is a beneficiary of a Participant, and who has not received a distribution of his or her entire WDC account.

Plan Year means the twelve (12) month period of coverage under a benefit program (e.g. January 1 through December 31).

Program Director means the Department employee who manages the WDC Program.

Proposal means the complete response of a Proposer submitted in the format specified in this RFP, which sets forth the Services offered by a Proposer and pricing for providing the Services described in this RFP.

Proposer means the individual, auditing firm, firm, company, corporation, or other entity that submits a Proposal in response to this RFP.

Services means all work performed, and labor, actions, recommendations, plans, research, and documentation provided by the Contractor necessary to fulfill that which the Contractor is obligated to provide under the Contract.

Subcontractor means a person or company hired by the Contractor to perform a specific task or provide Services as part of the Contract.

WDC Program means the Wisconsin Deferred Compensation Program.

WRS means the Wisconsin Retirement System.

Please see the glossary on the ETF home page at: <http://etf.wi.gov/glossary.htm> for further definitions.

1.6 CLARIFICATION OF THE SPECIFICATIONS AND REQUIREMENTS

Proposers must submit all questions concerning this RFP via e-mail (no phone calls) to ETF SMBProcurement@etf.wi.gov. The subject of the e-mail must state “**ETI0035**” and the e-mail must be received on or before the date identified in Section 1.9 Calendar of Events, *Proposer Questions and Letter of Intent Due Date*. Proposers are expected to raise any questions they have concerning this RFP at this point in the process.

Proposers are encouraged to submit any assumptions or exceptions to any terms, conditions, or requirements during the question process. All assumptions and exceptions listed must contain a rationale as to the basis for the assumption/exception. The Department will inform Proposers what assumptions/exceptions are acceptable to the Department.

Questions must be submitted as a Microsoft Word document (not a .pdf or scanned image) using the format specified below:

Table 3. - Format for Submission of Clarification Questions

No.	RFP or Appendix Section	RFP or Appendix Page	Question/Rationale
Q1			
A1			
Q2			
A2			

Q = Proposer’s question; A = The Department’s answer

Proposer’s e-mail must include the name of the Proposer’s company and the person submitting the question(s). A compilation of all questions and answers, along with any RFP updates, will be posted to the **Department’s extranet** (<http://etfextranet.it.state.wi.us/etf/internet/RFP/rfp.html>) on or about the date indicated in Section 1.9 Calendar of Events, *Department Posts Responses to Proposer Questions*.

If a Proposer discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the Proposer should immediately notify the individual identified in Section 1.4 Procuring and Contracting Agency, of such error and request modification or clarification of this RFP document.

If it becomes necessary to update any part of this RFP, updates will be published on the Department’s extranet listed above and will not be mailed. Electronic versions of this RFP and its attachments are available on the Department’s extranet.

1.7 PROPOSER CONFERENCE

No Proposer conference is scheduled for this RFP. If the Department decides to hold a Proposer conference, a notice will be posted on the Department’s extranet linked above. Note: unless this notice is posted, no conference will be held.

1.8 REASONABLE ACCOMMODATIONS

The Department will provide reasonable accommodations, including the provision of informational material in an alternative format, for qualified individuals with disabilities, upon request.

1.9 CALENDAR OF EVENTS

Listed below are the important dates by which actions related to this RFP must be completed. If the Department finds it necessary to change any of the specific dates and times in the Calendar of Events listed below, it will do so by posting a supplement to this RFP on the Department’s extranet with the URL listed above. No other formal notification will be issued for changes in the estimated dates.

Table 4. - Calendar of Events*

Date	Event
February 13, 2019	Department Issues RFP
February 27, 2019	Proposer Questions and Letter of Intent Due Date
March 2019	Department Posts Responses to Proposer Questions
March 13, 2019 by 2:00 PM central standard time	Proposal Due Date and Time
April 2019	Department Notifies Proposers of Intent to Award Contract & Begins Contract Negotiations
June 13, 2019	Deferred Compensation Board Meeting
July 1, 2019	Contract Start Date

**All dates are estimated except the due dates for: Proposer Questions and Letter of Intent and Proposals, which are firm.*

1.10 CONTRACT TERM

The Contract term for providing the Services will commence on the Contract start date and shall extend through June 30, 2022. The Board retains the option, by mutual agreement of the Board and the Contractor, to renew the Contract for two (2) additional two (2) year periods extending the Contract through June 30, 2026, subject to the satisfactory negotiation of terms, including pricing. Contractor’s performance may be reviewed by Board and/or Department staff to inform continuation

of the Contract. Prior to each audit, the selected Contractor and Department shall define the statement of work for the upcoming audit.

1.11 LETTER OF INTENT

A letter of intent indicating that a Proposer intends to submit a response to this RFP is requested (see Section 1.9 Calendar of Events). In the letter of intent, identify the Proposer's organization/company name, list the name, location, telephone number, and e-mail address of one or more persons authorized to act on the Proposer's behalf. Submit the letter of intent via email to the address listed in Section 1.4.

The RFP number must be referenced in the subject line of Proposer's email. The letter of intent does not obligate the Proposer to submit a Proposal.

1.12 NO OBLIGATION TO CONTRACT

The Department reserves the right to cancel this RFP for any reason prior to the issuance of a notice of intent to award a Contract. The Department does not guarantee to purchase any specific quantity or value. Proposals that stipulate that the Department shall make guarantees will be disqualified.

1.13 WI DEPARTMENT OF ADMINISTRATION eSUPPLIER REGISTRATION

The Wisconsin Department of Administration's eSupplier Portal is available to all businesses and organizations that want to do business with the State. The eSupplier Portal allows vendors to see details about pending invoices and payments, allows vendors to receive automatic, future official notices of bid/proposal opportunities, and, in some cases, allows vendors to respond to State solicitations. Note: the eSupplier Portal is not being used for this solicitation for Proposer responses.

For more information on the eSupplier Portal, go to:

https://esupplier.wi.gov/psp/esupplier/SUPPLIER/ERP/h/?tab=WI_BIDDER

1.14 RETENTION OF RIGHTS

All Proposals become the property of the Department upon receipt. All rights, title and interest in all materials and ideas prepared by the Proposer for the Proposal, for the Department, shall be the exclusive property of the Department. Upon a Proposer's request, and at the Proposer's expense, the Department will return Proposals, except for one copy for Department records, to a Proposer who is disqualified or who withdraws their response.

2 PREPARING AND SUBMITTING A PROPOSAL

2.1 GENERAL INSTRUCTIONS

The evaluation and selection of a Contractor will be based on the information received in the submitted Proposal(s) plus the following optional review methods, at the Department's discretion: reference checks, Proposer presentations, interviews, demonstrations, responses to requests for additional information or clarification, on-site visits, and/or best and final offers (BAFOs), where requested. Such methods may be used to clarify and substantiate information in the Proposals.

Failure to respond to each of the requirements in this RFP may be the basis for rejecting a Proposal.

Elaborate Proposals (e.g., expensive artwork), beyond that sufficient to present a complete and effective Proposal, are neither necessary nor desired. Marketing or promotional materials should only be provided where specifically requested. If providing such materials, please indicate which question the materials apply to.

All Proposals must be in English.

2.2 INCURRING COSTS

The State of Wisconsin and the Department are not liable for any costs incurred by Proposers in replying to this RFP, making requested oral presentations, or demonstrations.

2.3 SUBMITTING THE PROPOSAL

The Proposer must submit their Proposal in one binder and include all of the following documents in the following order:

1. Front Cover
2. Table of Contents
3. Transmittal Letter
4. Completed and signed Forms A-G
5. A current completed W9
6. Appendix 3 - General Questionnaire
7. Appendix 4 - Technical Questionnaire

Proposer must submit the following, including all required materials as specified herein:

- One (1) original hard copy Proposal, clearly labeled “ORIGINAL;”
- Five (5) identical paper copies of the original paper Proposal, marked as “COPY.” Indicate the copy number on the cover of each copy (for example: 1 of 5, 2 of 5, etc.); and
- One (1) USB flash drive, which includes three (3) folders:
 - Folder 1 containing one (1) single file of all electronic Proposal files in Microsoft Word/Microsoft Excel, and/or Adobe Acrobat 9.0 (or above) format (except for the cost proposal). The Department requires that all files have optical character recognition (OCR) capability (not a scanned image). OCR is the conversion of all images typed, handwritten or printed text into machine-encoded text. The file must be labeled “[Proposer Name] PROPOSAL”. The file must have the same pagination as Proposer’s original hard copy Proposal. **Do not include the Cost Proposal in this file folder.**
 - Folder 2 containing one (1) single file of all electronic Proposal files in Microsoft Word/Microsoft Excel, and/or Adobe Acrobat 9.0 (or above) format **EXCLUDING or REDACTING** all confidential and proprietary information/documents. This file must be labeled “[Proposer Name] REDACTED PROPOSAL.” This is the file that will be used for responding to open records requests. Note that no matter what the method the Proposer uses to redact documents, the Department is not responsible for checking that the redactions match the Proposer’s **FORM G – Designation of Confidential and Proprietary Information**. Proposers should be aware that the Department may need to

electronically send the redacted materials to members of the public and other requesters when responding appropriately to open records requests. The Department is not responsible for checking that redactions, when viewed on-screen via electronic file, cannot be thwarted. The Department is not responsible for responding to open records requests via printed hard copy, even if redactions are only effective on printed hard copy. The Department may post redacted Proposals on the Department's public website in exactly the same file format the Proposer provides, and the Department is not responsible if the redacted file is copied and pasted, uploaded, e-mailed, or transferred via any electronic means, and somehow loses its redactions in that process. The redacted file must have the same pagination as Proposer's original hard copy Proposal. **Do not include the Cost Proposal in this folder.**

- Redact only material the Proposer authored. For example, do not redact the question the Proposer is responding to, only the answer.
 - Do not redact page numbers. Page numbers should remain visible at all times, even if the whole page is being redacted.
 - Sign Form G – Designation of Confidential and Proprietary Information only once. Add as many lines/pages as necessary.
- Folder 3 containing FORM H – Cost Proposal Workbook in Excel format labeled “[Proposer Name] COST PROPOSAL.” **Note:** costs provided in Proposer's Cost Proposal shall NOT be redacted for confidentiality.

IMPORTANT:

- Do not lock or password protect the USB drive.
- Clearly mark the exterior of the USB flash drive with Proposer's name and the RFP number.
- Flash drives must be free of all malware, ransomware, viruses, spyware, worms, Trojans, or anything that is designed to perform malicious operations on a computer.

Specific Instructions for Submitting FORM H – Cost Proposal Workbook

One original paper copy of the Cost Proposal (FORM H – Cost Proposal Workbook must be placed in a single sealed envelope and submitted in the box containing the Proposals. Each page of the Cost Proposal must contain the Proposer's name and ETI0035. Mark the outside of the envelope with:

- “[Proposer's Name and Address]” RFP ETI0035
- Title: COST PROPOSAL

IMPORTANT: Proposer's Cost Proposal shall only be included: a) electronically within a separate folder on the Proposer's USB flash drive submitted to the Department as instructed above in Excel format, and b) in paper form submitted in a sealed envelope as instructed above.

Proposal Due Date and Time

Proposals received after the date and time specified in Section 1.9 Calendar of Events will not be accepted and will be disqualified. Receipt of a Proposal by the State of Wisconsin mail system does not constitute receipt of a Proposal by the Department, for the purposes of this RFP. All required parts of the Proposal must be submitted by the specified due date and time; if any portion of the Proposal is submitted late, the entire Proposal will be disqualified. Proposers may request, via an

email to the address listed in Section 1.4, the time and date their Proposal was received by the Department.

Proposals submitted via fax or e-mail will not be accepted.

Proposal Packaging

The Proposal must be packaged, sealed and show all of the following information on the outside of the package:

- Proposer's company name and address
- *RFP ETI0035*
- Proposal Due Date (as specified in Section 1.9 Calendar of Events)

2.4 PROPOSAL ORGANIZATION AND FORMAT

Proposers responding to this RFP must comply with the following format requirements. The Department reserves the right to exclude any Proposals from consideration that do not follow the required format as instructed below.

Format Requirements

- Proposals must be typed and submitted on 8.5 by 11-inch paper and bound securely.

FRONT COVER Front Cover Requirements

- Proposer's company name;
- Title: *Proposal Response for the Wisconsin Department of Employee Trust Funds;*
- RFP ETI0035; and,
- Proposal submission date.

TABLE OF CONTENTS Table of Contents Requirements

- Listing of each TAB number;
- Listing of each TAB description; and,
- Listing of each TAB page number.

TAB 1 General Information and Forms

- TRANSMITTAL LETTER: A signed transmittal letter must accompany the Proposal. The transmittal letter must be written on the Proposer's official business stationery and signed by an official that is authorized to legally bind the Proposer. Include in the letter:
 - I. Name and address of company;
 - II. Name, title and signature of Proposer's authorized representative;
 - III. Name, title, telephone number and e-mail address of representatives who may be contacted by the Department if questions arise regarding the Proposal;
 - IV. ETI0035; and,

v. Executive Summary

- FORM A – Proposal Checklist
- FORM B – Mandatory Proposer Qualifications
- FORM C – Subcontractor Information
- FORM D – RFP Signature Page
- FORM E – Vendor Information
- FORM F – Vendor References
- FORM G – Designation of Confidential and Proprietary Information
- Current Form W-9 Request for Taxpayer Identification Number and Certification (from the Department of the Treasury, Internal Revenue Service: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>)
- **NOTE:** FORM H – Cost Proposal Workbook must be submitted as stated in Section 2.3 above.

TAB 2 Response to Section 6 (Appendix 3 - GENERAL QUESTIONNAIRE)

Provide a point-by-point response to each and every statement in Section 6.

The response must begin with the RFP number ETI0035 and title, Proposer's name, follow the same numbering system, use the same headings, and address each point or sub-point.

Include the documents requested in Section 6 at the end of the question in your Proposal that corresponds to the question in the RFP in which the document is requested. Label the document provided with the question number it applies to.

TAB 3 Response to Section 7 (Appendix 4 – TECHNICAL QUESTIONNAIRE)

Provide a point-by-point response to each and every statement in Section 7.

The response must begin with the RFP number ETI0035 and title, and Proposer's name, follow the same numbering system, use the same headings, and address each point or sub-point.

Include the documents requested in Section 7 at the end of the question in your Proposal that corresponds to the question in the RFP in which the document is requested. Label the document provided with the question number it applies to.

TAB 4 Assumptions and Exceptions

If the Proposer has no assumptions or exceptions to any RFP term, condition, appendix, or form, provide a statement in Tab 4 to that effect.

If the Proposer has assumptions and/or exceptions to any RFP term, condition, appendix, or form, then follow these instructions:

- Regardless of any proposed assumption or exception, the Proposal as presented must include all Services requested.
- If the Proposer cannot agree to a term or condition as written, the Proposer must make its specific required revision to the language of the provision by striking out words or inserting required language to the text of the provision. Any new text and deletions of original

text must be clearly color coded or highlighted, which requires the Proposer’s response be printed in color. Proposers shall avoid complete deletion and substitution of entire provisions, unless the deleted provision is rejected in its entirety and substituted with substantively changed provisions. Wholesale substitutions of provisions shall not be made in lieu of strategic edits required to reflect Proposer-required modifications.

- Immediately after a proposed revision, the Proposer shall add a concise explanation concerning the reason or rationale for the required revision. Such explanations shall be separate and distinct from the marked-up text and shall be bracketed, formatted in italics and preceded with the term “[*Explanation.*]”
- All provisions on which no changes are noted shall be assumed to be accepted by the Proposer.
- Submission of any standard Proposer contracts as a substitute for language in the terms and conditions is not a sufficient response to this requirement and may result in rejection of the Proposal. An objection to terms or conditions without including proposed alternative language will be deemed to be acceptance to the Proposer.
- The Department reserves the right to negotiate contractual terms and conditions when it is in its best interest to do so.
- Exceptions to any RFP terms and conditions may be considered by the Department during Contract negotiations if it is beneficial to the WDC.
- The Department may or may not consider any of the Proposer’s suggested revisions. The Department reserves the right to reject any proposed assumptions or exceptions.
- Clearly label each assumption and exception with one of the following labels:
 - Terms and Conditions (Appendix 2) Assumptions and Exceptions
 - RFP/Appendix (Excluding Section 8) Assumptions and Exceptions
 - Section 8 Assumptions and Exceptions

Supplemental Information – IMPORTANT

The Department will not allow any assumptions or exceptions by the Proposer to any of the items listed in Table 5 below. Any Proposal with an assumption or exception to any of the items listed in Table 5 may be rejected.

Table 5. - No Assumptions or Exceptions Allowed

Ref. No.	Document	Item/Section
1	Appendix 2	3.0 Legal Relations
2	Appendix 2	6.0 Audit Provision

3	Appendix 2	12.0 Liquidated Damages
4	Appendix 2	13.0 Contract Dispute Resolution
5	Appendix 2	14.0 Controlling Law
6	Appendix 2	16.0 Termination of the Contract
7	Appendix 2	17.0 Termination for Cause
8	Appendix 2	18.0 Remedies of the Department
9	Appendix 2	22.0 Confidential Information, Privacy and HIPAA Business Associate Agreement
10	Appendix 2	23.0 Indemnification
11	Appendix 2	25.0 Right to Publish or Disclose
12	Appendix 2	28.0 Information Security Agreement
13	Appendix 2	39.0 Assignment

2.5 MULTIPLE PROPOSALS

Multiple Proposals from a Proposer are not permissible.

2.6 WITHDRAWAL OF PROPOSALS

Proposals shall be irrevocable until the Contract is awarded unless the Proposal is withdrawn. Proposers may withdraw a Proposal in writing at any time up to the date and time listed in Section 1.9, Calendar of Events, for the *Proposal Due Date and Time* or upon expiration of three (3) Calendar Days after the Proposal Due Date and time, if received by the Department. To accomplish this, the written request must be signed by an authorized representative of the Proposer's company and submitted to the contact listed in Section 1.4, Procuring and Contracting Agency. If a previously submitted Proposal is withdrawn before the *Proposal Due Date and Time*, the Proposer may submit another Proposal at any time up to the *Proposal Due Date and Time*.

3 PROPOSAL SELECTION AND AWARD PROCESS

3.1 PRELIMINARY EVALUATION

Proposals will initially be reviewed to determine if Mandatory requirements are met and if all required Proposal components are received. Failure to submit a complete Proposal may result in rejection of the entire Proposal. Failure to meet Mandatory requirements as stated in FORM B – Mandatory Proposer Qualifications, or failure to follow the required instructions for completing the Proposal as specifically outlined in this RFP may result in rejection of the Proposal. Failure to provide a complete response to Section 8 in this RFP will result in rejection of a Proposal.

3.2 CLARIFICATION PROCESS

The Department may request Proposers to clarify ambiguities or answer questions related to information presented in their Proposal. Clarifications may occur throughout the Proposal evaluation process. Clarification requests will include appropriate references to this RFP or the Proposal. Responses shall be submitted to the Department in writing within the time required. Failure to provide responses as instructed may result in rejection of a Proposal.

3.3 PROPOSAL SCORING

Proposals that pass the preliminary evaluation will be reviewed by an evaluation committee. The evaluation committee may review written Proposals, conduct reference checks, request additional clarifications, oral presentations, site visits and other information in order to score Proposals. The Department may request reports on a Proposer's financial stability (this includes the Department's request for Proposers to furnish audited financial statements), and if financial stability is not substantiated, may reject a Proposer's Proposal. The Department may request demonstrations/presentations of the Proposer's proposed products(s) and/or service(s), and review results of past awards to the Proposer by the State.

A Proposer may not contact any member of the RFP evaluation committee.

The evaluation committee's scoring will be tabulated and Proposals will be ranked.

The evaluation committee reserves the right to stop reviewing a Proposal at any point during the evaluation process and remove the Proposal from further consideration.

3.4 EVALUATION CRITERIA

Proposals will be evaluated based upon the proven ability of the Proposer to satisfy the requirements specified herein in an efficient, cost-effective manner, taking into account quality of services proposed. Proposals will be scored using the following criteria:

Table 6. - Evaluation Criteria

RFP SECTION	DESCRIPTION	TOTAL POINTS	%
6	General Questionnaire	300	30%
7	Technical Questionnaire	500	50%
8	Cost Proposal	200	20%
	Total	1,000	100%

3.5 METHOD TO SCORE COST PROPOSALS

The lowest Cost Proposal will receive the maximum number of points available for the cost category. Other Cost Proposals will receive prorated scores based on the proportion that the costs of the Proposals vary from the lowest Cost Proposal. The scores for the cost category will be calculated with a mathematical formula.

3.6 ORAL PRESENTATIONS, DEMONSTRATIONS, AND/OR SITE VISITS

The top scoring Proposers, based on the evaluation of their written Proposal in the general and technical questions of the RFP (Sections 6 and 7), *may* be required to participate in oral presentations, interviews and/or site visits to supplement the Proposals, if requested by the Department. This may include demonstrations of Proposer's key tools, reporting capabilities and interviews with key Department staff, evaluation committee members, and Board members.

Not all Proposers may be invited for oral presentations, demonstrations, and/or site visits. For those invited, the Department will make every reasonable attempt to schedule each oral presentation or demonstration at a time that is agreeable to the Proposer. Presentations will be held in Madison, Wisconsin. Failure of a Proposer to interview or permit a site visit on the date scheduled may result in rejection of the Proposer's Proposal.

By submitting a Proposal in response to this RFP, the Proposer grants rights to the Department to contact or arrange a visit with any or all of the Proposer's clients, Subcontractors, and/or references.

3.7 CONTRACT AWARD

Proposals will be evaluated by a committee, and a Contract may be awarded based on the results of the general, technical and initial cost evaluations. The Proposal determined to best meet the WDC Program's auditing needs may be selected by the Department for further action. The Department reserves the right not to award a Contract. If contract negotiations cannot be concluded successfully with the selected Proposer, the Department may negotiate a Contract with another Proposer.

3.8 BEST AND FINAL OFFER (BAFO)

The Department reserves the right to solicit a BAFO and conduct Proposer discussions, request more competitive pricing, clarify Proposals, and contact references from the finalists, should it be in the best interest of the WDC Program to do so. The Department is the sole determinant of the WDC Program's best interests.

If a BAFO is solicited, the solicitation will contain the specific information on what is being requested, as well as submission requirements and a timeline with due date. Any BAFO responses received by the Department after the stated due date may not be accepted. Proposers that are asked to submit a BAFO may refuse to do so by submitting a written response, indicating their Cost Proposal remains as originally submitted. Refusing to submit a BAFO will not disqualify the Proposer from further consideration.

3.9 RIGHT TO REJECT PROPOSALS AND NEGOTIATE CONTRACT TERMS

This RFP does not commit the Board to awarding a Contract, or paying any cost incurred in the preparation of a Proposal in response to this RFP. The Board retains the right to accept or reject any or all Proposals or accept or reject any part of a Proposal deemed to be in the best interest of the Board. The Board shall be the sole judge as to compliance with the instructions contained in this RFP.

The Board may negotiate the terms of the Contract, including the award amount and the Contract length, with the selected Proposer prior to entering into a Contract. The Board reserves the right to

add contract terms and conditions to the Contract during contract negotiations and subsequent renewals.

3.10 NOTIFICATION OF INTENT TO AWARD

All Proposers who respond to this RFP will be notified in writing of the Department's intent to award a Contract as a result of this RFP. All decisions and actions under this RFP are solely under the authority of the Board.

3.11 APPEALS PROCESS

Protests of the Board's intent to award a contract must be made in writing and according to the Board policies for vendor procurement appeals located at:

http://etf.wi.gov/boards/gov_manual_WDC/vendor-procurement-appeals.pdf

A vendor who wants to appeal the award must first send a written notice indicating that the vendor wants to appeal the award decision. The notice must be received in the Department office listed below no later than five (5) Business Days after the notice of intent to award is issued. Fax and e-mail documents will not be accepted.

A written notice of intent to appeal, and a formal written appeal, must be filed with:

WDC Board
c/o Robert J. Conlin, Secretary
Wisconsin Department of Employee Trust Funds
4822 Madison Yards Way
Madison, WI 53705-9100

PO Box 7931
Madison WI 53707-7931

Following the notice of intent to appeal, the formal written appeal must be submitted to the Board, c/o the Secretary of the Department at the address listed above, within ten (10) Business Days after the notice of intent to award the contract is issued. Appeal rights are lost if no formal appeal is timely received. The formal appeal must state the RFP number, detailed factual grounds for the objection to the Contract award and must identify any Wisconsin Statutes and Wisconsin Administrative Codes that are alleged to have been violated. A vendor can appeal only once per award.

The subjective judgment of evaluation committee members is not appealable. Following Board action, a written decision will be sent to the vendor. The decision of the appropriate governing Board regarding any appeals is final.

4 MANDATORY PROPOSER QUALIFICATIONS

This section is pass/fail. (0 points)

Use FORM B – Mandatory Proposer Qualifications to respond.

The requirements on Form B are Mandatory. Failure to comply with one or more of the Mandatory qualifications may disqualify the Proposer.

5 PROGRAM SPECIFICATIONS

This section is NOT scored. (0 points)

Failure to comply with any term, standard, specification or condition within this RFP may disqualify the Proposer. Specifications and requirements are listed in the Appendix 4.

If the Proposer cannot agree to each item listed in this RFP, the Proposer must so specify and provide the reason for the disagreement in Tab 4 – Assumptions and Exceptions – of Proposer’s response. See Instructions in 2.4.

6 GENERAL QUESTIONNAIRE

This section is scored. (300 total points)

The purpose of this section is to provide the Department with a basis for determining the Proposer’s capability to undertake the general requirements contained in this RFP.

All Proposers must respond to the questions/requirements in Appendix 3 – General Questionnaire according to the instructions in Sections 2.3 and 2.4 above.

Fees related to any Services offered in the Proposal must be noted in Form H - Cost Proposal Workbook only. Do not include cost/pricing information in any other section of the Proposal.

7 TECHNICAL QUESTIONNAIRE

This section is scored. (500 total points)

The purpose of this section is to provide the Department with a basis for determining the Proposer’s capability to meet the technical requirements contained in this RFP.

All Proposers must respond to the questions/requirements in Appendix 4 – Technical Questionnaire according to the instructions in Sections 2.3 and 2.4 above.

If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section.

Fees related to any Services but must be included in Form H - Cost Proposal Workbook only.

8 COST PROPOSAL

This section is scored. (200 total points)

FORM H – Cost Proposal Workbook is available on the Department’s extranet site at:
<https://etfonline.wi.gov/etf/internet/RFP/rfp.html>

All Proposers must complete the appropriate tabs of the Cost Proposal Workbook. Instructions to submit the Cost Proposal are provided in Section 2.3 above and in the Instruction Tab within the Cost Proposal Workbook.

The Department reserves the right to clarify any pricing discrepancies related to assumptions on the part of the Proposers. Such clarifications will be solely to provide consistent assumptions from which an accurate cost comparison can be achieved.

Costs outlined in Proposer’s Cost Proposal or BAFO response shall remain firm for the defined audits.

Only dollar and number values will be accepted on the Cost Proposal. Any description other than number value such as, but not limited to: “no cost,” “included,” “see below,” “-“, “n/a,” etc. will not be accepted. A cost value of \$0.00 shall indicate the deliverable is no cost to the Department.

If a cost is not provided in a cell, it will indicate the Proposer does not provide the specific service.

Cost Proposals that are not otherwise confidential under state or federal law are not confidential information.

9 CONTRACT TERMS AND CONDITIONS

This section is NOT scored. (0 points)

The Department will execute a Contract with the awarded Contractor. A Pro Forma Contract is located in Appendix 1 as an example. The Contract and any subsequent renewal(s) will incorporate all terms and conditions in this RFP, including all attachments, exhibits, forms, appendices, etc., made a part of this RFP, and Contractor’s Proposal.

9.1 BOARD AND DEPARTMENT AUTHORITY

This solicitation is authorized under Chapter 40 of the Wisconsin State Statutes. Procurement statutes and rules that govern other State agencies may not be applicable. All decisions and actions under this RFP are solely under the authority of the Department as delegated by the Board. The Department is acting as an agent of the Board in carrying out any directives or decisions relating to this RFP, the Contract and subsequent award. The Department is the sole point of contact for this RFP.

9.2 PAYMENT TERMS

- Invoices must be itemized by cost proposal categories of expenses actually incurred.
- Invoices shall include the Department’s purchase order number when issued.
- Invoices must be submitted electronically via email: ETFAccountsPayable@etf.wi.gov
- Payment will only be made through Automated Clearing House (ACH) unless alternative arrangements are mutually agreed upon.
- Invoices shall be submitted timely and no later than 1 year after completion of Services.
- Payment will be made within 30 days of receipt of a proper and approved invoice.



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

Appendix 1 Pro Forma Contract by Authorized Board

Commodity or Service:
Financial Statements Audits for the
Wisconsin Deferred Compensation Program

Contract No./Request for Proposal No:
ETI0035

Authorized Board: Deferred Compensation Board

Cost: xxx

Contract Period: July 1, 2019 through June 30, 2022 with an option for two (2) additional two (2) year periods.

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 xxx (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. For purposes of administering this Contract, the order of precedence is:
 - (a) This Contract;
 - (b) Request for Proposal (RFP) ETI0035 dated February 13, 2019; and
 - (c) Contractor's proposal dated xxxx.

Contract Number & Service: ETI0035 Wisconsin Deferred Compensation Program Financial Statements Audit Services

State of Wisconsin Department of Employee Trust Funds
Authorized Board: Deferred Compensation Board
By (Name): Robert J. Conlin Secretary Department of Employee Trust Funds
Signature:
Date of Signature:

Contractor
Legal Company Name: <i>SAMPLE</i>
Trade Name:
Taxpayer Identification Number: xxx
Contractor Address (Street Address, City, State, Zip):
Name & Title (print name and title of person authorized to legally sign for and bind Contractor):

Signature: <i>SAMPLE</i>
Date of Signature:
Email: Phone:

Appendix 2 - Department Terms and Conditions

RFP ETI0035 - Financial Statements Audits for the Wisconsin Deferred Compensation Program

Department Terms and Conditions

- 1.0 ENTIRE AGREEMENT:** The following terms and conditions are hereby made a part of the underlying contract. These Department Terms and Conditions, the underlying contract, its exhibits, subsequent amendments and other documents incorporated by order of precedence in the contract encompass the entire contract ("Contract") and contain the entire understanding between the Wisconsin Department of Employee Trust Funds ("Department") and the contractor named in the Contract ("Contractor") on the subject matter hereof, and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect. The Contract supersedes any other oral or written agreement entered into between the Department and the Contractor on the subject matter hereof. The terms "State" and "Department" may be used interchangeably herein.

The Contract may be amended at any time by written mutual agreement of the Department and Contractor, but any such amendment shall be without prejudice to any claim arising prior to the date of the change. No one, except duly authorized officers or agents of the Contractor and the Department, shall alter or amend the Contract. No change in the Contract shall be valid unless evidenced by an amendment that is signed by such officers of the Contractor and the Department.

- 2.0 COMPLIANCE WITH THE CONTRACT AND APPLICABLE LAW:** In the event of a conflict between the Contract and any applicable federal or state statute, administrative rule, or regulation; the statute, rule, or regulation will control.

In connection with the performance of work under the Contract, the Contractor agrees not to discriminate against employees or applicants for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in Wis. Stat. § 51.01(5); sexual orientation as defined in Wis. Stat. § 111.32(13m), or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the Contractor further agrees to take affirmative action to ensure equal employment opportunities.

Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan by the Contractor. Contractors with an annual work force of less than fifty (50) employees are exempt from this requirement. Contractor shall provide the plan to the Department within fifteen (15) business days of the Department's request for such plan after the award of the Contract.

The Contractor shall comply with all applicable requirements and provisions of the Americans with Disabilities Act (ADA) of 1990. Evidence of compliance with ADA shall be made available to the Department upon request.

The Contractor acknowledges that Wis. Stat. § 40.07 specifically exempts information related to individuals in the records of the Department of Employee Trust Funds from the Wisconsin Public Records Law. Contractor shall treat any such records provided to or accessed by Contractor as non-public records as set forth in Wis. Stat. § 40.07.

Contractor will comply with the provisions of Wis. Stat. § 134.98 Notice of Unauthorized Acquisition of Personal Information.

- 3.0 LEGAL RELATIONS:** The Contractor shall at all times comply with and observe all federal and State laws, local laws, ordinances, and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct. This includes but is not limited to laws regarding compensation, hours of work, conditions of employment and equal opportunities for employment.

In carrying out any provisions of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters the Department acts as an agent of the State.

The Contractor accepts full liability and agrees to hold harmless the State, the Department's governing boards, the Department, its employees, agents and contractors for any act or omission of the Contractor, or any of its employees, in connection with the Contract.

No employee of the Contractor may represent himself or herself as an employee of the Department or the State.

- 4.0 CONTRACTOR:** The Contractor will be the sole point of contact with regard to contractual matters, including the performance of services specified in the Contract (the "Services") and the payment of any and all charges resulting from contractual obligations.

None of the Services to be provided by the Contractor shall be subcontracted or delegated to any other organization, subdivision, association, individual, corporation, partnership or group of individuals, or other such entity without prior written notification to, and approval of, the Department.

After execution of the Contract, the Department will provide Contractor with the name of the Department's designated contact person and commit to a timely approval process for Contractor's notification of a change in subcontractor(s) and/or delegated Services.

The Contractor shall be solely responsible for its actions and those of its agents, employees or subcontractors under the Contract. The Contractor will be responsible for Contract performance when subcontractors are used. Subcontractors must abide by all terms and conditions of the Contract.

Neither the Contractor nor any of the foregoing parties has the authority to act or speak on behalf of the State.

The Contractor will be responsible for payment of any losses by its subcontractors or agents.

Any notice required or permitted to be given shall be deemed to have been given on the date of delivery or three (3) business days after mailing by the United States Postal Service, certified or registered mail-receipt requested. In the event the Contractor moves or updates contact information, the Contractor shall inform the Department of such changes in writing within ten (10) business days. The Department shall not be held responsible for payments delayed due to the Contractor's failure to provide such notice.

- 5.0 CONTRACTOR PERFORMANCE:** Work under the Contract shall be performed in a timely, professional and diligent matter by qualified and efficient personnel and in conformity with the strictest quality standards mandated or recommended by all generally-recognized organizations establishing quality standards for the work of the type specified in the Contract. The Contractor shall be solely responsible for controlling the manner and means by which it and its employees or its subcontractors perform the Services, and the Contractor shall observe, abide by, and perform all of its obligations in accordance with all legal and Contract requirements.

Without limiting the foregoing, the Contractor shall control the manner and means of the Services so as to perform the work in a reasonably safe manner and comply fully with all applicable codes, regulations and requirements imposed or enforced by any government agencies. Notwithstanding the foregoing, any stricter standard provided in plans, specifications or other documents incorporated as part of the Contract shall govern.

The Contractor shall provide the Services with all due skill, care, and diligence, in accordance with accepted industry practices and legal requirements, and to the Department's satisfaction; the Department's decision in that regard shall be final and conclusive.

All Contractor's Services under the Contract shall be performed in material compliance with the applicable federal and state laws and regulations in effect at the time of performance, except when imposition of a newly enacted or revised law or regulation would result in an unconstitutional impairment of the Contract.

The Contractor will make commercially reasonable efforts to ensure that Contractor's professional and managerial staff maintain a working knowledge and understanding of all federal and state laws, regulations, and administrative code appropriate for the performance of their respective duties, as well as contemplated changes in such law which affect or may affect the Services delivered under the Contract.

The Contractor shall maintain a written contingency plan describing in detail how it will continue operations and Services under the Contract in certain events including, but not limited to, strike and disaster, and shall submit it to the Department upon request.

- 6.0 AUDIT PROVISION:** The Contractor and its authorized subcontractors are subject to audits by the State, the Legislative Audit Bureau (LAB), an independent Certified Public Accountant (CPA), or other representatives as authorized by the State. The Contractor will cooperate with such efforts and provide all requested information permitted under the law.

6.1 SOC 1/Type 2 Report: If the Department requires Contractor to provide a Service Organization Control (SOC) audit report, Contractor will furnish the Department with a copy of Contractor's annual independent service auditor's report on management's description of Contractor's system and the suitability of the design and operating effectiveness of controls (SOC 1, Type 2). This independent audit of the Contractor's controls must be completed in accordance with the American Institute of Certified Public Accountants' (AICPA) Statements on Standards for Attestation Engagements (SSAE) No. 18 (SOC 1, Type 2). The SSAE 18 (SOC 1, Type 2) annual audit will include all programs under the Contract and will be conducted at the Contractor's expense. If the Contractor's SSAE 18 (SOC 1, Type 2) audit covers less than twelve (12) months of a calendar year, the Contractor will provide a bridge letter to the Department, stating whether processes and controls have changed since the SSAE 18 (SOC 1, Type 2) audit. In addition, the Department requires Contractor to submit a letter of

attestation indicating Contractor's receipt of management's assertion of control compliance from Contractor's subcontractors, when applicable.

- 6.2 SOC 2/Type 2 Report:** If the Department requires Contractor to provide a SOC audit report, Contractor will furnish the Department with a copy of Contractor's annual independent service auditor's report on Contractor's controls relevant to security, availability, processing integrity, confidentiality, and privacy. The SOC audit report must be a type 2 report that includes management's description of Contractor's system and the suitability of the design controls set forth in AICPA Trust Services Criteria Section 100 (2017). This independent audit of the Contractor's controls must be completed in accordance with the AICPA SSAE No. 18 (SOC 2, Type 2). The SSAE 18 (SOC 2, Type 2) annual audit will include all programs under the Contract and will be conducted at the Contractor's expense. If the Contractor's SSAE 18 (SOC 2, Type 2) audit covers less than twelve (12) months of a calendar year, the Contractor will provide a bridge letter to the Department, stating whether processes and controls have changed since the SSAE 18 (SOC 2, Type 2) audit. In addition, the Department requires Contractor to submit a letter of attestation indicating Contractor's receipt of management's assertion of control compliance from Contractor's subcontractors.
- 6.3 Contract Compliance Audit:** The Department may schedule and arrange for an independent certified public accountant to perform agreed upon procedures or consulting work related to the Contractor's compliance with the Contract on a periodic basis, as determined by the Department. The audit scope will be determined by the Department and may include recordkeeping, participant account activity, claims processing, administrative performance standards, and any other relevant areas to the programs under the Contract. The timeline of the audit will be mutually agreed upon by the Department and the Contractor. A minimum ten (10) business day notice is required.
- 6.4 Open Access:** All Contractor books, records, ledgers, data, and journals relating to the programs under the Contract will be open for inspection and audit by the Department, its designees, or the State of Wisconsin Legislative Audit Bureau, at any time during normal working hours. A minimum ten (10) business day notice will be provided. Records or data requested shall be provided electronically in a format mutually agreed upon by the Department and Contractor. The Department shall have access to interview any employee and authorized agent of the Contractor involved with the Contract in conjunction with any audit, review, or investigation deemed necessary by the Department or the State.
- 6.5 LAB Audit:** The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wis. Stat. § 13.94(1)(dd). The Contractor agrees to provide necessary information related to any such audit for all programs under the Contract, as requested by the Department or auditor.
- 7.0 CRIMINAL BACKGROUND VERIFICATION:** The Department follows the provisions in the Wisconsin Human Resources Handbook Chapter 246, Securing Applicant Background Checks (see: https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH_Ch_246.pdf). The Contractor is expected to perform background checks that, at a minimum, adhere to those standards. This includes the criminal history record from the Wisconsin Department of Justice (DOJ), Wisconsin Circuit Court Automation Programs (CCAP), and other State justice departments for persons who have lived in a state(s) other than Wisconsin. More stringent background checks are permitted. Details regarding the Contractor's background check procedures should be provided to the Department regarding the measures used by the Contractor to protect the security and privacy of program data and participant information. A copy of the results of the criminal background checks the Contractor conducted must be made available to the Department upon request. The Department reserves the right to conduct its own criminal background checks on any or all employees or subcontractors of and referred by the Contractor for the delivery or provision of Services.
- 8.0 COMPLIANCE WITH ON-SITE PARTY RULES AND REGULATIONS:** Contractor and the Department agree that their employees, while working at or visiting the premises of the other party, shall comply with all internal rules and regulations of the other party, including security procedures, and all applicable federal, state, and local laws and regulations applicable to the location where said employees are working or visiting.
- The Department is responsible for allocating building and equipment access, as well as any other necessary services available from the Department that may be used by the Contractor. Any use of the Department facilities, equipment, internet access, and/or services shall only be to assist Contractor in providing the Services, as authorized by the Department. The Contractor will provide its own personal computers, which must comply with the Department security policies before connection to the Department's local computer network.
- 9.0 SECURITY OF PREMISES, EQUIPMENT, DATA AND PERSONNEL:** The Department shall have the right, acting by itself or through its authorized representatives, to enter the premises of the Contractor at mutually agreeable times to inspect and copy the records of the Contractor and the Contractor's compliance with this Section. In the course of performing Services under the Contract, the Contractor may have access to the personnel, premises, equipment, and other property, including data files, information, or materials (collectively referred to as "data") belonging to the Department.

The Contractor shall be responsible for damage to the Department's equipment, workplace, and its contents, or for the loss of data, when such damage or loss is caused by the Contractor, contracted personnel, or subcontractors, and shall reimburse the Department accordingly upon demand. This remedy shall be in addition to any other remedies available to the Department by law or in equity.

10.0 BREACH NOT WAIVER: A failure to exercise any right, or a delay in exercising any right, power or remedy hereunder on the part of either party shall not operate as a waiver thereof. Any express waiver shall be in writing and shall not affect any event or default other than the event or default specified in such waiver. A waiver of any covenant, term or condition contained herein or in the Contract shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The making of any payment to the Contractor under the Contract shall not constitute a waiver of default, evidence of proper Contractor performance, or acceptance of any defective item or Services furnished by the Contractor.

11.0 SEVERABILITY: The provisions of the Contract shall be deemed severable and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. If any provision of the Contract, for any reason, is declared to be invalid, unenforceable, or illegal, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

12.0 LIQUIDATED DAMAGES: The Contractor and the Department acknowledge that it can be difficult to ascertain actual damages when a Contractor fails to carry out its responsibilities under the Contract. Because of that, the Contractor and the Department will negotiate liquidated damages, as required by the Department, for the Contract. The Contractor agrees that the Department shall have the right to liquidate such damages, through deduction from the Contractor's invoices, in the amount equal to the damages incurred, or by direct billing to the Contractor.

The Department shall notify the Contractor in writing of any claim for liquidated damages pursuant to this Section within thirty (30) calendar days after the Contractor's failure to perform in accordance with the terms and conditions of the Contract.

Notwithstanding the foregoing language, when necessary, the Department will identify in the Contract, specific financial penalties for failure of the Contractor to meet performance standards and guarantees. If the Contract was established through a Department solicitation, such performance standards and guarantees may have been set forth in the solicitation.

13.0 CONTRACT DISPUTE RESOLUTION: In the event of any dispute or disagreement between the parties under the Contract, whether with respect to the interpretation of any provision of the Contract, or with respect to the performance of either party thereto, except for breach of Contractor's intellectual property rights, each party shall appoint a representative to meet for the purpose of endeavoring to resolve such dispute or negotiate for an adjustment to such provision.

Contractor shall continue without delay to carry out all its responsibilities under the Contract, which are not affected by the dispute. Should Contractor fail to perform its responsibilities under the Contract that are not affected by the dispute without delay, any and all additional costs incurred by the Contractor and the Department as a result of such failure to proceed shall be borne by the Contractor and the Contractor shall not make any claim against the Department for such costs. The Department's non-payment of fees in breach of the Contract that are overdue by sixty (60) calendar days is a dispute that will always be considered to affect Contractor's responsibilities.

No legal action of any kind, except for the seeking of equitable relief in the case of the public's health, safety or welfare, may begin in regard to the dispute until this dispute resolution procedure has been elevated to the Contractor's highest executive authority and the equivalent executive authority within the Department, and either of the representatives in good faith concludes, after a good faith attempt to resolve the dispute, that amicable resolution through continued negotiation of the matter at issue does not appear likely.

The party believing itself aggrieved (the "Invoking Party") shall call for progressive management involvement in the dispute negotiation by delivering written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by the Contract. After such notice, the parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between authorized negotiators for the parties at the following successive management levels, each of which shall have a period of allotted time as specified below in which to attempt to resolve the dispute:

Level	Contractor	The Department	Allotted Time
First	Level 1 entity	Level 1 entity	10 Business Days
Second	Level 2 entity	Level 2 entity	20 Business Days
Third	Level 3 entity	Level 3 entity	30 Business Days

The allotted time for the First Level negotiations shall begin on the date the Invoking Party's notice is received by the other party. Subsequent allotted time is the number of days from the date that the Invoking Party's notice was originally received by the other party. If the Third Level parties cannot resolve the issue within thirty (30) business days of the Invoking Party's original notice, then the issue shall be designated as a dispute at the discretion of the Invoking Party and, if so, shall be resolved in accordance with the appropriate Sections herein. The allotted time periods above are in addition to those periods for a party to cure provided elsewhere herein or in the Contract, and do not apply to claims for equitable relief (e.g., injunction to prevent disclosure of Confidential Information). The Department may withhold payments on disputed items pending resolution of the dispute.

- 14.0 CONTROLLING LAW:** All questions as to the execution, validity, interpretation, construction and performance of the Contract shall be construed in accordance with the laws of the State of Wisconsin, without regard to any conflicts of laws or choice of law principles. Any court proceeding arising or related to the Contract or a party's obligations under the Contract shall be exclusively brought and exclusively maintained in the State of Wisconsin, Dane County Circuit Court, or in the District Court of the United States Western District (if jurisdiction is proper in federal court), or upon appeal to the appellate courts of corresponding jurisdiction, and Contractor hereby consents to the exclusive jurisdiction and exclusive venue therein and waives any right to object to such jurisdiction or venue. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, the same.
- 15.0 RIGHT TO SUSPEND OPERATIONS:** If, at any time during the period of the Contract, the Department determines that the best interest of the Department or its governing boards would be best served by the Contractor temporarily suspending all Services, the Department will promptly notify the Contractor. Upon receipt of such notice, the Contractor shall suspend all Services.
- 16.0 TERMINATION OF THE CONTRACT:** The Department may terminate the Contract at any time at its sole discretion by delivering one-hundred eighty (180) calendar days written notice to the Contractor.

Upon termination, the Department's liability shall be limited to the prorated cost of the Services performed as of the date of termination plus expenses incurred with the prior written approval of the Department.

If the Contractor terminates the Contract, the Contractor shall refund all payments made under the Contract by the Department to the Contractor for work not completed or not accepted by the Department. Such termination shall require written notice to that effect to be delivered by the Contractor to the Department not less than one-hundred eighty (180) calendar days prior to said termination.

Upon any termination of the Contract, the Contractor shall perform the Services specified in a transition plan if so requested by the Department; provided, however, that except as expressly set forth otherwise herein, the Contractor shall not be obligated to perform such Services unless all amounts due to the Contractor under the Contract, including payment for the transition Services, have been paid. Failure of the Contractor to comply with a transition plan upon the Department's request and upon payment shall constitute a separate breach for which the Contractor shall be liable.

Upon the expiration or termination of the Contract for any reason, each party shall be released from all obligations to the other arising after the expiration date or termination date, except for those that by their terms survive such termination or expiration.

- 17.0 TERMINATION FOR CAUSE:** If the Contractor fails to perform any material requirement of the Contract, breaches any material requirement of the Contract, or if the Contractor's full and satisfactory performance of the Contract is substantially endangered, the Department may terminate the Contract. Before terminating the Contract, the Department shall give written notice of its intent to terminate to Contractor after a thirty (30) calendar day written notice and cure period.

The Department reserves the right to cancel the Contract in whole or in part without penalty in the event one (1) or more of the following occurs:

- (a) If the Contractor intentionally furnished any statement, representation, warranty, or certification, in connection with the Contract which is materially false, incorrect, or incomplete;
- (b) If applicable, if the Contractor fails to follow the sales and use tax certification requirements of Wis. Stat. § 77.66;
- (c) If the Contractor incurs a delinquent Wisconsin tax liability;
- (d) If the Contractor fails to submit a non-discrimination or affirmative action plan per the requirements of Wis. Stat. § 16.765 and Wis. Stat. § 111 Subchapter II, Wisconsin's Fair Employment Law, as required herein;
- (e) If the Contractor is presently identified on the list of parties excluded from State of Wisconsin procurement and non-procurement contracts;
- (f) If the Contractor becomes a state or federal debarred Contractor, or becomes excluded from State contracts;
- (g) If the Contractor fails to maintain and keep in force all required insurance, permits and licenses as required per the Contract;

- (h) If the Contractor fails to maintain the confidentiality of the Department's information that is considered to be Confidential Information or Protected Health Information;
- (i) If the Contractor files a petition in bankruptcy, becomes insolvent, or otherwise takes action to dissolve as a legal entity;
- (j) If at any time the Contractor's performance threatens the health or safety of a State employee, citizen, or customer;
- (k) If the Contractor violates any requirements in Section 22.0 below regarding Confidential Information; or
- (l) If the Department or State fails to appropriate funds for the project described in the Contract.

In the event of a termination for cause by the Department, the Department shall be liable for payments for any work accepted by the Department prior to the date of termination.

18.0 REMEDIES OF THE DEPARTMENT: The Department shall be free to invoke any and all remedies permitted under Wisconsin law. In particular, if the Contractor fails to perform as specified in the Contract, the Department may issue a written notice of default providing for at least a seven (7) business day period in which the Contractor shall have an opportunity to cure, provided that cure is possible, feasible, and approved in writing by the Department. Time allowed for cure of a default shall not diminish or eliminate the Contractor's liability. If the default remains, after opportunity to cure, then the Department may: (1) exercise any remedy provided in law or in equity or (2) terminate Contractor's Services.

If the Contractor fails to remedy any delay or other problem in its performance of the Contract after receiving reasonable notice from the Department to do so, the Contractor shall reimburse the Department for all reasonable costs incurred as a direct consequence of the Contractor's delay, action, or inaction.

In case of failure to deliver Services in accordance with the Contract, or services from other sources as necessary to fulfill the Contract, the Contractor shall be responsible for the additional cost of such services, including purchase price and administrative fees. This remedy shall be in addition to any other legal remedies available to the Department.

19.0 TRANSITIONAL SERVICES: Upon cancellation, termination, or expiration of the Contract for any reason, the Contractor shall provide reasonable cooperation, assistance and Services, and shall assist the Department to facilitate the orderly transition of the work under the Contract to the Department and/or to an alternative contractor selected for the transition upon written notice to the Contractor at least thirty (30) business days prior to termination or cancellation, and subject to the terms and conditions set forth in the Contract.

20.0 ADDITIONAL INSURANCE RESPONSIBILITY: The Contractor shall exercise due diligence in providing the Services under the Contract. In order to protect the Department's governing boards and any Department employee against liability, cost, or expenses (including reasonable attorney fees), which may be incurred or sustained as a result of Contractor's errors or other failure to comply with the terms of the Contract, the Contractor shall maintain errors and omissions insurance including coverage for network and privacy risks, breach of privacy and wrongful disclosure of information in an amount acceptable to the Department with a minimum of **\$1,000,000** per claim and **\$5,000,000** aggregate in force during the Contract period and for a period of three (3) years thereafter for Services completed. Contractor shall furnish the Department with a certificate of insurance for such amount. Further, this certificate shall designate the State of Wisconsin Department of Employee Trust Funds and its affiliated boards as additional insured parties. The Department reserves the right to require higher or lower limits where warranted.

21.0 OWNERSHIP OF MATERIALS: Except as otherwise provided in Section 22, Subsection (v), all information, data, reports and other materials as are existing and available from the Department and which the Department determines to be necessary to carry out the scope of Services under the Contract shall be furnished to the Contractor and shall be returned to the Department upon completion of the Contract. The Contractor shall not use such materials for any purpose other than carrying out the work described in the Contract.

The Department will be furnished without additional charge all data, models, information, reports, and other materials associated with and generated under the Contract by the Contractor.

The Department shall solely own all customized software, documents, and other materials developed under the Contract. Use of such software, documents, and materials by the Contractor shall only be with the prior written approval of the Department.

The Contract shall in no way affect or limit the Department's rights to use, disclose or duplicate, for any purpose whatsoever, all information and data pertaining to the Department, employees or members and generated by the claims administration and other Services provided by Contractor under the Contract.

All files (paper or electronic) containing any Wisconsin plan member, claimant or employee information and all records created and maintained in the course of the work specified by the Contract are the sole and exclusive property of the Department. Contractor may maintain copies of such files during the term of the Contract as may be necessary or appropriate for its performance of the Contract. Moreover, Contractor may maintain copies of such files after the term

of the Contract (i) for one hundred twenty (120) days after termination, after which all such files shall be transferred to the Department or destroyed by Contractor, except for any files as to which a claim has been made, and (ii) for an unlimited period of time after termination for Contractor's use for statistical purposes, if Contractor first deletes all information in the records from which the identity of a claimant or employee could be determined and certifies to the Department that all personal identifiers have been removed from the retained files.

22.0 CONFIDENTIAL INFORMATION, PRIVACY AND HIPAA BUSINESS ASSOCIATE AGREEMENT: This Section is intended to cover handling of Confidential Information under State and federal law, including, where applicable, the requirements of the Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health Act (HITECH), the Genetic Information Nondiscrimination Act (GINA), and the federal implementing regulations for those statutes requiring a written agreement with business associates.

(a) **DEFINITIONS:** As used herein, unless the context otherwise requires:

- (1) Business Associate. "Business Associate" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Contractor.
- (2) Confidential Information. "Confidential Information" means all tangible and intangible information and materials being disclosed in connection with the Contract, in any form or medium without regard to whether the information is owned by the State of Wisconsin or by a third party, which satisfies at least one of the following criteria: (i) Individual Personal Information; (ii) Personally Identifiable Information; (iii) Protected Health Information under HIPAA, 45 CFR 160.103; (iv); proprietary information; (v) non-public information related to the State of Wisconsin's employees, customers, technology (including databases, data processing and communications networking systems), schematics, specifications, and all information or materials derived therefrom or based thereon; (vi) information expressly designated as confidential in writing by the State of Wisconsin; (vii) all information that is restricted or prohibited from disclosure by state or federal law, including Individual Personal Information and Medical Records as governed by Wis. Stat. §§ 40.07, ETF 10.70(1) and ETF 10.01(3m); or (viii) any material submitted by the Contractor in response to a Department solicitation that the Contractor designates confidential and proprietary information and which qualifies as a trade secret, as provided in Wis. Stat. § 19.36(5) or material which can be kept confidential under the Wisconsin public records law.
- (3) Covered Entity. "Covered Entity" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Department of Employee Trust Funds.
- (4) HIPAA Rules. "HIPAA Rules" mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.
- (5) Individual Personal Information. "Individual Personal Information" has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1).
- (6) Medical Record. "Medical Record" has the meaning ascribed to it at Wis. Admin. Code ETF § 10.01(3m).
- (7) Protected Health Information. "Protected Health Information" has the meaning ascribed to it under 45 CFR 160.103.

(b) **PROVISION OF CONFIDENTIAL INFORMATION FOR CONTRACTED SERVICES:** The Department, a different business associate of the Department or a contractor performing services for the Department may provide Confidential Information to the Contractor under the Contract as the Department determines is necessary for the proper administration of the Contract, as provided by Wis. Stat. § 40.07 (1m) (d) and (3).

(c) **DUTY TO SAFEGUARD CONFIDENTIAL INFORMATION:** The Contractor shall safeguard Confidential Information supplied to the Contractor or its employees under the Contract. In addition, the Contractor will only share Confidential Information with its employees on a need-to-know basis. Should the Contractor fail to properly protect Confidential Information, any cost the Department pays to mitigate the failure will be subtracted from the Contractor's invoice(s).

(d) **USE AND DISCLOSURE OF CONFIDENTIAL INFORMATION:** Contractor shall:

- (1) Not use or disclose Confidential Information for any purpose other than as permitted or required by the Contract or as required by law. Contractor shall not use or disclose member or employee names, addresses, or other information for any purpose other than specifically provided for in the Contract;
- (2) Make uses and disclosures and requests for any Confidential Information following the minimum necessary standard in the HIPAA Rules;

- (3) Use appropriate safeguards to prevent use or disclosure of Confidential Information other than as provided for by the Contract, and with respect to Protected Health Information, comply with Subpart C of 45 CFR Part 164;
 - (4) Not use or disclose Confidential Information in a manner that would violate Subpart E of 45 CFR Part 164 or Wis. Stat. § 40.07;
 - (5) If applicable, be allowed to use or disclose Confidential Information for the proper management and administration of the Contractor or to carry out the legal responsibilities of the Contractor, provided the disclosures are required by law, or Contractor obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Contractor of any instances of which it is aware the confidentiality of the information has been or is suspected of being breached;
 - (6) Not use for its own benefit Confidential Information or any information derived from such information; and
 - (7) If required by a court of competent jurisdiction or an administrative body to disclose Confidential Information, Contractor will notify the Department in writing immediately upon receiving notice of such requirement and prior to any such disclosure, to give the Department an opportunity to oppose or otherwise respond to such disclosure (unless prohibited by law from doing so).
- (e) **REQUIREMENT TO KEEP CONFIDENTIAL INFORMATION WITHIN THE UNITED STATES:** The Contractor's transmission, transportation or storage of Confidential Information outside the United States, or access of Confidential Information from outside the United States, is prohibited except on prior written authorization by the Department.
- (f) **COMPLIANCE WITH ELECTRONIC TRANSACTIONS AND CODE SET STANDARDS:** The Contractor shall comply with each applicable requirement of 45 C.F.R. Part 162 if the Contractor conducts standard transactions, as that term is defined in HIPAA, for or on behalf of the Department.
- (g) **MANDATORY REPORTING:** Contractor shall report to the Department in the manner set forth in Subsection 22(m) any use or disclosure or suspected use or disclosure of Confidential Information not provided for by the Contract, of which it becomes aware, including breaches or suspected breaches of unsecured Protected Health Information as required at 45 CFR 164.410.
- (h) **DESIGNATED RECORD SET:** Contractor shall make available Protected Health Information in a designated record set to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.524.
- (i) **AMENDMENT IN DESIGNATED RECORD SET:** Contractor shall make any amendment to Protected Health Information in a designated record set as directed or agreed to by the Department pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy the Department's obligations under 45 CFR 164.526.
- (j) **ACCOUNTING OF DISCLOSURES:** Contractor shall maintain and make available the information required to provide an accounting of disclosures to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.528.
- (1) Contractor shall keep all HIPAA logs (logs of any systems that have information relating to HIPAA) for six (6) years.
- (k) **COMPLIANCE WITH SUBPART E OF 45 CFR 164:** To the extent Contractor is to carry out one or more of the Department's obligations under Subpart E of 45 CFR Part 164, Contractor shall comply with the requirements of Subpart E that apply to a covered entity in the performance of such obligation.
- (l) **INTERNAL PRACTICES:** Contractor shall make its internal practices, books, and records available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with the HIPAA Rules.
- (m) **CONTRACTOR REPORTING OF BREACH OR SUSPECTED BREACH OR DISCLOSURE TO THE DEPARTMENT:**
- (1) Within twenty-four (24) hours after Contractor becomes aware of a suspected breach, impermissible use, or impermissible disclosure, Contractor shall notify in writing the Department Program Manager and Privacy Officer. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to Contractor, or, by exercising reasonable diligence, would have been known to Contractor. The notification must contain details sufficient for the Department Program Manager and Privacy Officer to determine the Department's response. Sufficient details include, without limitation:

- a. The nature of the unauthorized access, use or disclosure;
 - b. A list of any persons affected (if available);
 - c. A description of the information included in the breach, impermissible use, or impermissible disclosure;
 - d. The date or dates of the suspected breach, impermissible use, or impermissible disclosure;
 - e. The date of the discovery by Contractor;
 - f. A list of the proactive steps taken by Contractor and being taken to correct the breach, impermissible use or impermissible disclosure; and
 - g. Contact information at Contractor for affected persons who contact the Department regarding the issue.
- (2) Not less than one (1) business day before Contractor makes any external communications to the public, media, federal Office for Civil Rights (OCR), other governmental entity, or persons potentially affected by the breach, impermissible use, or impermissible disclosure, provide a copy of the planned communication to the Department Program Manager and Privacy Officer.
- (3) Within thirty (30) business days after Contractor makes the initial report under this Section, Contractor shall research the suspected breach, impermissible use, or impermissible disclosure of Confidential Information and provide a report in writing to the Department Program Manager. The report must contain, at a minimum:
- a. A complete list of any persons affected (whose Confidential Information was supplied to Contractor by the Department) and their contact information;
 - b. Copies of correspondence or notifications provided to the public, media, OCR, other governmental entity, or persons potentially affected;
 - c. Whether Contractor's Privacy Officer has determined there has been a reportable breach under HIPAA, or an unauthorized acquisition under Wis. Stat. §134.98 and the reasoning for such determination;
 - d. If Contractor determines there has been a breach, impermissible use, or impermissible disclosure, an explanation of the root cause of the breach, impermissible use, or impermissible disclosure;
 - e. A list of the corrective actions taken to mitigate the suspected breach, impermissible use, or impermissible disclosure; and
 - f. A list of the corrective actions taken to prevent a similar future breach, impermissible use, or impermissible disclosure.
- (n) **COORDINATION OF BREACH RESPONSE ACTIVITIES:**
- (1) Contractor will fully cooperate with the Department's investigation of any breach of Confidential Information involving Contractor, including but not limited to making witnesses, documents, HIPAA logs, systems logs, video recordings, or other pertinent or useful information available immediately upon Contractor's reporting of the breach and throughout the investigation. Contractor's full cooperation will include but not be limited to Contractor:
- a. Immediately preserving any potential forensic evidence relating to the breach, and remedying the breach as quickly as circumstances permit;
 - b. Within forty-eight (48) hours designating a contact person to whom the Department will direct inquiries, and who will communicate Contractor responses to Department inquiries; Contractor will designate a Privacy Officer and Security Officer to serve as contacts for the Department;
 - c. As rapidly as circumstances permit, applying appropriate resources to remedy the breach condition, investigate, document, restore the Department service(s) as directed by the Department, and undertake appropriate response activities such as working with the Department, its representative, and law enforcement to identify the breach, identify the perpetrator(s), and take appropriate actions to remediate the security vulnerability;
 - d. Providing status reports to the Department at least every two (2) hours until the root cause of the breach is identified and a plan is devised to fully remediate the breach;
 - e. Once the root cause of the breach is identified and a plan is devised to fully remediate the breach, providing status reports to the Department daily or at mutually agreed upon timeframes, to the Department on breach response activities, findings, analyses, and conclusions;
 - f. Coordinating all media, law enforcement, or other breach notifications with the Department in advance of such notification(s), unless expressly prohibited by law; and
 - g. Ensuring that knowledgeable Contractor staff is available on short notice, if needed, to participate in Department-initiated meetings and/or conference calls regarding the breach.
- (o) **CLASSIFICATION LABELS:** Contractor shall ensure that all data classification labels contained on or included in any item of Confidential Information shall be reproduced by Contractor on any reproduction, modification, or translation of such Confidential Information. Contractor shall make a reasonable effort to add a proprietary notice or indication of confidentiality to any tangible materials within its possession that contain Confidential Information of the Department, as directed by the Department.

- (p) **SUBCONTRACTORS:** If applicable, in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit Confidential Information on behalf of Contractor agree to the same restrictions, conditions, and requirements that apply to Contractor with respect to such information.
- (q) **NOTICE OF LEGAL PROCEEDINGS:** If Contractor or any of its employees, agents, or subcontractors is legally required in any administrative, regulatory or judicial proceeding to disclose any Confidential Information, Contractor shall give the Department prompt notice (unless it has a legal obligation to the contrary) so that the Department may seek a protective order or other appropriate remedy. In the event that such protective order is not obtained, Contractor shall furnish only that portion of the information that is legally required and shall disclose the Confidential Information in a manner reasonably designed to preserve its confidential nature.
- (r) **MITIGATION:** The Contractor shall take immediate steps to mitigate any harmful effects of the suspected or actual unauthorized use, disclosure, or loss of any Confidential Information provided to Contractor under the Contract. The Contractor shall reasonably cooperate with the Department's efforts to comply with the breach notification requirements of HIPAA, to seek appropriate injunctive relief or otherwise prevent or curtail such suspected or actual unauthorized use, disclosure or loss, or to recover its Confidential Information, including complying with a reasonable corrective action plan, as directed by the Department.
- (s) **COMPLIANCE REVIEWS:** The Department may conduct a compliance review of the Contractor's security procedures before and during the Contract term to protect Confidential Information.
- (t) **AMENDMENT:** The parties agree to take such action as is necessary to amend the Contract as necessary for compliance with the HIPAA Rules and other applicable law.
- (u) **SURVIVAL:** The obligations of Contractor under this Section shall survive the termination of the Contract.
- (v) **RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION:** Upon termination of the Contract for any reason, Contractor, with respect to Confidential Information received from the Department, another contractor of the Department, or created, maintained, or received by Contractor on behalf of the Department, shall:
 - (1) Retain only that Confidential Information which is necessary for Contractor to continue its proper management and administration or to carry out its legal responsibilities;
 - (2) Return to the Department or, if agreed to by the Department, destroy the remaining Confidential Information that Contractor still maintains in any form;
 - (3) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Subsection, for as long as Contractor retains the Protected Health Information;
 - (4) Not use or disclose the Confidential Information retained by Contractor other than for the purposes for which such Confidential Information was retained and subject to the same conditions set out under Subsection 22(d) which applied prior to termination;
 - (5) Return to the Department or, if agreed to by the Department, destroy the Protected Health Information retained by Contractor when it is no longer needed by Contractor for its proper management and administration or to carry out its legal responsibilities; and
 - (6) If required by the Department, transmit the Confidential Information to another contractor of the Department.
- (w) **ASSISTANCE IN LITIGATION OR ADMINISTRATIVE PROCEEDINGS:** Contractor will make itself and any employees, subcontractors, or agents assisting Contractor in the performance of its obligations available to the Department at no cost to the Department to testify as witnesses, or otherwise, in the event of a breach or other unauthorized disclosure of Confidential Information caused by Contractor that results in litigation, governmental investigations, or administrative proceedings against the Department, its directors, officers, agents or employees based upon a claimed violation of laws relating to security and privacy or arising out of these Terms and Conditions or the Contract.

23.0 INDEMNIFICATION:

- 23.1 **SCOPE OF INDEMNIFICATION FOR INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT:** In the event of a claim against the parties for Intellectual Property Rights Infringement associated with a claim for benefits, Contractor agrees to defend, indemnify and hold harmless the Department and its governing boards ("Indemnified Parties") from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office) reasonable attorneys' fees otherwise incurred by the Department, its governing boards, and/or the Wisconsin Attorney General's Office, court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section.

- 23.2 SCOPE OF OTHER INDEMNIFICATION:** In addition to the foregoing Section, Contractor shall defend, indemnify and hold harmless the Indemnified Parties from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for the Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office), court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section, or liability arising from or in connection with the following: (a) Contractor's performance of or failure to perform any duties or obligations under any agreement between Contractor and any third party; (b) injury to persons (including death or illness) or damage to property caused by the act or omission of Contractor, Contractor employees or subcontractors; (c) any claims or losses for Services rendered by any subcontractor, person, or firm performing or supplying Services, materials, or supplies in connection with the Contractor's performance of the Contract; (d) any claims or losses resulting to any person or third party entity injured or damaged by the Contractor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by federal or State statutes or regulations; and (e) any failure of the Contractor, its officers, employees, or subcontractors to observe State and federal laws including, but not limited to, labor and wage and hour laws.
- 23.3 INDEMNIFICATION NOTICE:** The Department shall give the Contractor prompt written notice of such claim, suit, demand, or action (provided that a failure to give such prompt notice will not relieve the Contractor of its indemnification obligations hereunder except to the extent Contractor can demonstrate actual, material prejudice to its ability to mount a defense as a result of such failure). The Department will cooperate, assist, and consult with the Contractor in the defense or investigation of any claim made or suit filed against the Department resulting from Contractor's performance under the Contract.
- 23.4 NO INDEMNIFICATION OBLIGATIONS:** Contractor shall, as soon as practicable, notify the Department of any claim made or suit filed against Contractor resulting from Contractor's obligations under the Contract if such claim may involve the Department. The Department has no obligation to provide legal counsel or defense to Contractor if a suit, claim, or action is brought against Contractor or its subcontractors as a result of Contractor's performance of its obligations under the Contract. In addition, Department has no obligation for the payment of any judgments or the settlement of any claims against Contractor arising from or related to the Contract. Department has not waived any right or entitlement to claim sovereign immunity under the Contract.
- 23.5 CONTRACTOR'S DUTY TO INDEMNIFY:** The Contractor shall comply with its obligations to indemnify, defend and hold the Indemnified Parties harmless with regard to claims, damages, losses and/or expenses arising from a claim. The Contractor shall be entitled to control the defense of any such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing; however, the Contractor shall consult with the Department regarding its defense of any claim and not settle or compromise any claim or action in a manner that imposes restrictions or obligations on Department, requires any financial payment by the Department, or grants rights or concessions to a third party without first obtaining the Department's prior written consent. Contractor shall have the right to assert any and all defenses on behalf of the Indemnified Parties, including sovereign immunity.

In carrying out any provision of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters the Department acts as an agent of the State.

The Contractor shall at all times comply with and observe all federal and State laws and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct.

- 24.0 EQUITABLE RELIEF:** The Contractor acknowledges and agrees that the unauthorized use, disclosure, or loss of Confidential Information may cause immediate and irreparable injury to the individuals whose information is disclosed and to the State, which injury shall not be compensable by money damages and for which there is not an adequate remedy available at law. Accordingly, the Department and the Contractor specifically agree that the Department, on its own behalf or on behalf of the affected individuals, shall be entitled to obtain injunctive or other equitable relief to prevent or curtail any such breach, threatened or actual, without posting security and without prejudice to such other rights as may be available under the Contract or under applicable law.
- 25.0 RIGHT TO PUBLISH OR DISCLOSE:** Throughout the term of the Contract, the Contractor must secure the Department's written approval prior to the release of any information which pertains to work or activities covered by the Contract.

The Department and the Contractor agree that it is a breach of the Contract to disclose any information to any person that the Department or its governing boards may not disclose under Wis. Stat. § 40.07. Contractor acknowledges that it will be liable for damage or injury to persons whose Confidential Information is disclosed by any officer, employee, agent, or subcontractor of the Contractor without proper authorization.

26.0 TIME IS OF THE ESSENCE: Timely provision of the Services required under the Contract shall be of the essence of the Contract, including the provision of the Services within the time agreed or on a date specified in the Contract.

27.0 IDENTIFICATION OF KEY PERSONNEL AND PERSONNEL CHANGES: The Department will designate a contract administrator, who shall have oversight for performance of the Department's obligations under the Contract. The Department shall not change the person designated without prior written notification to the Contractor.

The State of Wisconsin reserves the right to approve all individuals assigned to the project described in the Contract. The Contractor agrees to use its best efforts to minimize personnel changes during the Contract term.

At the time of Contract negotiations, the Contractor shall furnish the Department with names of all key personnel assigned to perform work under the Contract and furnish the Department with criminal background checks.

The Contractor will designate a contract administrator who shall have executive and administrative oversight for performance of the Contractor's obligations under the Contract. The Contractor shall not change this designation without prior written notice to the Department.

The Contractor may not divert key personnel for any period of time except in accordance with the procedure identified in this Section. The Contractor shall provide a notice of proposed diversion or replacement to the Department Program Manager and Contract Manager at least sixty (60) calendar days in advance, together with the name and qualifications of the person(s) who will take the place of the diverted or replaced staff. At least thirty (30) calendar days before the proposed diversion or replacement, the Department shall notify the Contractor whether the proposed diversion or replacement is approved or rejected, and if rejected shall provide reasons for the rejection. Such approval by the Department shall not be unreasonably withheld or delayed.

Replacement staff shall be on-site within two (2) weeks of the departure date of the person being replaced. The Contractor shall provide the Department with reasonable access to any staff diverted by the Contractor.

Replacement of key personnel shall be with persons of equal ability and qualifications. The Department has the right to conduct separate interviews of proposed replacements for key personnel. The Department shall have the right to approve, in writing, the replacement of key personnel. Such approval shall not be unreasonably withheld. Failure of the Contractor to promptly replace key personnel within thirty (30) calendar days after departure shall entitle the Department to terminate the Contract. The Contractor's notice and justification of a change in key personnel must include identification of proposed substitute key personnel and must provide sufficient detail to permit the Department to evaluate the impact of the change on the project and/or maintenance.

Any of the Contractor's staff that the Department deems unacceptable shall be promptly and without delay removed from the project by the Contractor and replaced by the Contractor within thirty (30) calendar days by another employee with acceptable experience and skills subject to the prior approval of the Department. Such approval by the Department will not be unreasonably withheld or delayed.

An unauthorized change by the Contractor of any contracted personnel designated as key personnel will result in the imposition of liquidated damages, as defined in the Contract.

28.0 INFORMATION SECURITY AGREEMENT

(a) PURPOSE AND SCOPE OF APPLICATION: This Information Security Agreement ("Agreement") is designed to protect the Department's Confidential Information (defined above in Section 22.0) and Department Information Resources (defined below). This Agreement describes the information security obligations of Contractor, its employees, contractors and third-party users that connect to Department Information Resources and/or gain access to Confidential Information.

(b) DEFINED TERMS:

- (1) Department Information Resources.** "Department Information Resources" means those devices, networks and related infrastructure that the Department has obtained for use to conduct Department business. Devices include but are not limited to, Department-owned devices; devices managed or used through service agreements; storage, processing, and communications devices and related infrastructure on which Department data is accessed, processed, stored, or communicated; and may include personally owned devices. Data includes, but is not limited to, Confidential Information, other Department-created or managed business and research data, metadata, and credentials created by or issued on behalf of the Department.

- (c) **ACCESS TO DEPARTMENT INFORMATION RESOURCES:** In any circumstance when Contractor is provided access to Department Information Resources, it is solely Contractor's responsibility to ensure that its access does not result in any access by unauthorized individuals to Department Information Resources. Contractors who access the Department's Information Resources from any Department location must at a minimum conform with Department security standards that are in effect at the Department location(s) where the access is provided. Any Contractor technology and/or systems that gain access to Department Information Resources must comply with, at a minimum, the elements in the Information Security Plan Requirements set forth in this Agreement.
- (d) **COMPLIANCE WITH APPLICABLE LAWS:** Contractor agrees to comply with all applicable state and federal laws, as well as industry best practices, governing the collection, access, use, disclosure, safeguarding and destruction of Confidential Information.
- (e) **SAFEGUARD STANDARD:** Contractor agrees to protect the security of Confidential Information according to all applicable laws and regulations by generally accepted information risk management security control frameworks, standards or guidelines such as the ISO/IEC 27000-series, NIST800-53, CIS Critical Security Controls for Effective Cyber Defense or HIPAA Security Rule – 45 CFR Part 160 and Subparts A and C of Part 164 and no less rigorously than it protects its own confidential information, but in no case less than reasonable care. Contractor will implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of the Confidential Information. Contractor will ensure that all security measures are regularly reviewed including ongoing monitoring, monthly vulnerability testing and annual penetration and security incident response tests, revised, no less than annually, to address evolving threats and vulnerabilities while Contractor has responsibility for the Confidential Information under the terms of this Agreement.
- (f) **INFORMATION SECURITY PLAN:**
- (1) Contractor acknowledges that the Department is required to comply with information security standards for the protection of Confidential Information as required by law, regulation and regulatory guidance, as well as the Department's internal security program for information and systems protection.
 - (2) Contractor shall develop, implement, and maintain a comprehensive Information Security Plan that contains administrative, technical, and physical safeguards designed to ensure the privacy, security, integrity, availability, and confidentiality of the Confidential Information. Contractor must provide evidence to the Department of one or more of the following for the plan:
 - a. Certification in, or compliance with, generally accepted information risk management security control frameworks, standards or guidelines such as:
 - i. ISO/IEC 27000-series;
 - ii. NIST800-53;
 - iii. CIS Critical Security Controls for Effective Cyber Defense; or
 - iv. HIPAA Security Rule - 45 CFR Part 160 and Subparts A and C of Part 164; and
 - b. Compliance with any state or federal regulations by which the person or entity who owns or licenses such information may be regulated; or
 - c. At a minimum, include the elements listed in the Information Security Plan Requirements set forth below.
 - (3) Upon the Department's request, Contractor shall submit one of the following documents to the Department:
 - a. Independent attestation of certification;
 - b. Information Security Plan scope statement;
 - c. Information Security Plan statement of applicability; or
 - d. SOC 2, Type 2 audit and letter of attestation indicating Contractor's receipt of management's assertion of control compliance from Contractor's subcontractors as described in Section 6 Audit Provision.

The Department reserves the right to require the Contractor to provide more than one of the above documents. If Contractor is unable to produce one of the above documents, Contractor may satisfy the requirement by providing the assurances in Section 28.0(h) below.
 - (4) Annually, or upon a significant change in risk posture, Contractor will review its Information Security Plan and update and revise it as needed. If at any time there are any material reductions to Contractor's Information Security Plan, Contractor will notify the Department within two weeks of the completion of the review and prior to implementation. In such instances, the Department will require an explanation of the reductions. At the Department's request, Contractor will make modifications to its Information Security Plan or to the procedures and practices thereunder to conform to the Department's security requirements as defined herein.

(g) ADDITIONAL INSURANCE: In addition to the insurance required under the Contract, Contractor, at its sole cost and expense, will obtain, keep in force, and maintain an insurance policy (or policies) that provides coverage for privacy and data security breaches. This specific type of insurance is typically referred to as Privacy, Technology and Data Security Liability, Cyber Liability, or Technology Professional Liability. In some cases, Professional Liability policies may include some coverage for privacy and/or data breaches. Regardless of the type of policy in place, it needs to include coverage for reasonable costs in investigating and responding to privacy and/or data breaches with the following minimum limits unless the Department specifies otherwise: \$1,000,000 Each Occurrence and \$5,000,000 Aggregate. If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the Department requires and is entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Department.

(h) INFORMATION SECURITY PLAN REQUIREMENTS:

If Contractor cannot provide evidence of its Information Security Plan as required in Section 28.0(f)(2)a above, Contractor shall provide the following assurances to the Department:

(1) Security Policies:

- a. Contractor's security policy is documented, has obtained management approval, is reviewed no less frequently than annually and is maintained to ensure its continuing suitability, adequacy and effectiveness; and
- b. Contractor's operational, technical and administrative policies, standards and guidelines are documented, have obtained management approval, are reviewed no less frequently than annually and are maintained to ensure their continuing suitability, adequacy and effectiveness.

(2) Security Organization:

- a. The Contractor's security organization is governed and overseen by Contractor's senior leadership;
- b. Contractor's security organization includes representation from across Contractor's organization with defined roles and responsibilities;
- c. Contractor has clearly defined information security responsibilities;
- d. Contractor has confidentiality or non-disclosure agreements in place with the appropriate external entities;
- e. Contractor's management and implementation of information security (i.e. control objectives, controls, policies, processes, and procedures for information security) are reviewed independently at planned intervals, or when significant changes to the implementation of information security occur; and
- f. Contractor's agreements with third parties involving accessing, processing, communicating or managing the Contractor's information or information processing facilities, cover all relevant security requirements.

(3) Asset Management:

- a. Contractor has identified, inventoried, assigned ownership and established rules for acceptable use for information and associated assets; and
- b. Contractor has a process in place to classify information in terms of its value, legal requirements, sensitivity and criticality to Contractor.

(4) Human Resources:

- a. Security roles and responsibilities of Contractor's employees, contractors and third-party users have been defined and documented in accordance with Contractor's information security policy;
- b. Contractor performs background verification checks on all candidates for employment, contractors, and third-party users in accordance with relevant laws, regulations and ethics, and proportional to the business requirements, the classification of the information to be accessed, and the perceived risks;
- c. All Contractor's employees and, where relevant, contractors and third-party users, shall receive appropriate security awareness training and regular updates regarding Contractor's security policies and procedures, as relevant for their job function;
- d. Contractor has a formal disciplinary process in place for employees who have committed a security breach;
- e. Contractor's employees' responsibilities for performing employment terminations and changes of employment status are clearly defined and assigned;
- f. All Contractor's employees, contractors and third-party users shall return all Contractor's and the Department's assets in their possession upon termination of their employment, contract or agreement; and

- g. The access rights of all Contractor employees, contractors and third-party users to information and information processing facilities are removed upon termination of their employment, contract or agreement, or adjusted upon a status change.

(5) Physical and Environmental Security:

a. Secure Areas

- i. Contractor has a physical and environmental policy in place, with standards and guidelines that have been documented and obtained management approval, that is reviewed no less frequently than annually and is maintained to ensure its continuing suitability, adequacy and effectiveness;
- ii. Contractor's secure areas are protected by appropriate entry controls to ensure that only authorized personnel are allowed access; and
- iii. Contractor's physical protection and guidelines for working in secure areas have been adequately designed and applied.

b. Equipment security

- i. Contractor's equipment, and the equipment Contractor may utilize in its operations that is owned by a third party, is maintained to ensure its continued availability and integrity; and
- ii. Contractor's security measures have been applied to off-site equipment to address the risks of working outside the Contractor's premises.

c. Operations management

- i. Contractor's operating procedures have been documented, maintained, and made available to all users who require them;
- ii. Contractor controls changes to information processing facilities and systems; and
- iii. Contractor has segregated duties and areas of responsibility to reduce opportunities for unauthorized or unintentional modification or misuse of Contractor's assets.

d. Third party service delivery management

- i. Security controls, service definitions and delivery levels included in Contractor's third-party service delivery agreements are implemented, operated, and maintained by the third party; and
- ii. The services, reports and records provided by third parties are regularly monitored, reviewed and audited by Contractor.

e. Back-up

- i. Contractor regularly makes and tests back-up copies of information and software in accordance with Contractor's backup policy.

f. Network security management

- i. Networks are managed and controlled, either by Contractor or a third party under contract with Contractor; and
- ii. Security features, service levels, and management requirements of all Contractor's network services have been identified and included in any network services agreement, whether these services are provided in-house by Contractor or outsourced.

g. Media handling

- i. Contractor has procedures in place to prevent unauthorized disclosure, modification, misuse, removal or destruction of assets, and interruption to business activities; and
- ii. Contractor has procedures in place for the management of removable media, including the secure and safe disposal of media when no longer required.

h. Exchange of information

- i. Contractor has established agreements for the secure exchange of information and software between Contractor and appropriate external parties;
- ii. Contractor shall ensure information involved in electronic messaging is protected;
- iii. Contractor has developed and implemented policies and procedures to protect the exchange of information; and
- iv. Contractor shall ensure the integrity of information being made available on a publicly available system is protected to prevent unauthorized modification.

i. Monitoring

- i. Contractor shall produce and keep a rolling twelve (12) consecutive months of audit logs recording user activities, exceptions, and information security events to assist in future investigations and access control monitoring;
- ii. Contractor's logging facilities and log information are protected against tampering and unauthorized access; and
- iii. Contractor's system administrator and system operator activities are logged.

(6) Access Management:

a. Access control

- i. Contractor has an established and documented access control policy that is reviewed regularly based on business and security requirements for access;

- ii. Contractor has a formal user registration and de-registration procedure in place for granting and revoking access to all information systems and services;
 - iii. Contractor restricts and controls the allocation and use of access privileges;
 - iv. Contractor controls the allocation of passwords through a formal management process; and
 - v. Contractor's management reviews users' access rights at regular intervals using a formal process.
 - b. User responsibilities**
 - i. Users are required to follow good security practices in the selection and use of passwords;
 - ii. Users shall ensure that unattended equipment is protected; and
 - iii. Users shall adopt a clear desk policy for papers and removable storage media and a clear screen policy for information processing facilities.
 - c. Network access control**
 - i. Contractor's users shall only be provided with access to the services that they have been specifically authorized to use;
 - ii. Contractor has implemented appropriate authentication methods to control access by remote users;
 - iii. Contractor has segregated groups of information services, users, and information systems on networks;
 - iv. For shared networks, especially those extending across Contractor's boundaries, Contractor has restricted the capability of users to connect to the network, in line with Contractor's access control policy; and
 - v. Contractor has implemented routing controls for networks to ensure that computer connections and information flows do not breach Contractor's access control policy.
- (7) Security Requirements of Information Systems:**
 - a. Correct processing in applications**
 - i. Contractor shall validate data input to applications to ensure the data is correct and appropriate, and incorporate validation checks to detect any corruption of information through processing errors or deliberate acts;
 - ii. Contractor has identified the requirements for ensuring authenticity and protecting message integrity in applications, and identified and implemented appropriate controls; and
 - iii. Contractor has validated the data output from an application to ensure that the processing of stored information is correct and appropriate to the circumstances.
 - b. Cryptographic controls**
 - i. Contractor has a cryptographic controls policy in place that is documented, has obtained management approval, is reviewed no less frequently than annually and is maintained to ensure its continuing suitability, adequacy and effectiveness.
 - c. Security of system files**
 - i. Contractor has procedures in place to control the installation of software on operational systems;
 - ii. Contractor selects test data carefully, and the test data is protected and controlled; and
 - iii. Contractor restricts access to program source code.
 - d. Security in development and support processes**
 - i. Contractor has implemented procedures to maintain the security of application system software and information;
 - ii. Contractor utilizes formal change control procedures to implement changes; and
 - iii. Contractor supervises and monitors outsourced software development.
 - e. Technical Vulnerability Management**
 - i. Contractor documents the technical vulnerabilities, the exposure evaluated, and the appropriate measures taken to address the associated risk.
- (8) Information Security Incident Management:**
 - a.** Contractor communicates information security events and weaknesses associated with information systems in a manner allowing timely corrective action to be taken;
 - b.** All Contractor's employees, contractors and third-party users of information systems and services are provided awareness training on reporting an observed or suspected incident; and
 - c. Management of information security incidents and improvements**
 - i. The responsibilities and procedures of Contractor's management have been established to ensure timely, effective, and orderly response to information security incidents;
 - ii. Contractor has mechanisms in place to enable the security incidents to be quantified and monitored; and

- iii. Where a follow-up action against a person or organization after an information security incident involves legal action (either civil or criminal), Contractor shall collect, retain and present evidence in conformance with the rules for evidence established in the relevant jurisdiction(s).

(9) Business Continuity Management:

- i. Contractor has implemented one or more business continuity plans, including an information security plan, to maintain or restore operations and ensure availability of information at the required level and in the required timeframe following interruption to, or failure of, critical business processes;
- ii. Contractor tests and updates its business continuity plans regularly to ensure that they are up to date and effective; and
- iii. Contractor shall include the Department's designated contact in Contractor's business continuity plans for notification concerning any disruption that may impact the Services.

(10) Compliance:

a. Identification of applicable legislation

- i. Contractor understands all relevant statutory, regulatory and contractual requirements under the Contract, and Contractor's approach to meet these requirements has been explicitly defined, documented, and kept up to date;
- ii. Contractor has implemented appropriate procedures to ensure compliance with legislative, regulatory, and contractual requirements under the Contract on the use of material which may be afforded intellectual property rights;
- iii. Contractor shall ensure that important records are protected from loss, destruction and falsification, in accordance with the statutory, regulatory, contractual, and business requirements under the Contract; and
- iv. Contractor shall ensure the protection and privacy of data as required in relevant legislation, regulations, and, as applicable, the Contract.

29.0 DISCLOSURE: If a State public official (Wis. Stat. § 19.42), a member of a State public official's immediate family, or any organization in which a State public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to the Contract, and if the Contract involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, the Contract is voidable by the Department unless appropriate disclosure is made according to Wis. Stat. § 19.45(6), before the Contract is signed. Disclosure must be made to the Department or the State of Wisconsin Ethics Commission, P.O. Box 7125, Madison, Wisconsin 53703 (telephone: 608-266-8123; fax: 608-264-9319; email: Ethics@wi.gov).

30.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:

30.1 Contractor certifies that no relationship exists between Contractor and the Department that interferes with fair competition or is a conflict of interest, and no relationship exists between the Contractor and another person or organization that constitutes a conflict of interest with respect to a State contract. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.

30.2 Contractor agrees that during performance of the Contract, the Contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the Department or has interests that are adverse to the Department. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.

31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES: Reference to or use of the Department, the State, any of its departments, agencies or other subunits, or any State official or employee for commercial promotion is prohibited. News releases pertaining to the Contract, shall not be made without prior approval of the Department. Release of broadcast e-mails pertaining to the Contract shall not be made without prior written authorization of the Department.

32.0 EMPLOYMENT: The Contractor will not engage the services of any person or persons now employed by the State, including any department, commission or board thereof, to provide services relating to the Contract without the written consent of the employing agency of such person or persons and of the Department.

33.0 INDEPENDENT CAPACITY OF CONTRACTOR: The Department and the Contractor agree that the Contractor, its officers, agents, and employees, in the performance of the Contract shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the State. The Contractor agrees to take such steps as may be necessary to ensure that each subcontractor of the Contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the State.

34.0 TAXES: The State and its agencies are exempt from payment of all federal tax and State and local taxes on its purchases except Wisconsin excise taxes as described below.

The State is exempt from payment of Wisconsin sales or use tax on its purchases. The State may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay State use tax on the cost of materials.

35.0 VENDOR TAX DELINQUENCY: The State may offset Contractor's payments if Contractor has a delinquent State tax liability. If such action is taken by the State, the Department will not be liable for any impact sustained by the Contractor due to any delay, or total offset, of any payment owed to the Contractor under the Contract by the Department.

36.0 FOREIGN CORPORATION: If Contractor is a foreign corporation (any corporation other than a Wisconsin corporation), Contractor is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporations, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 261-7577.

37.0 RECORDKEEPING AND RECORD RETENTION: The Contractor shall establish and maintain adequate records of all expenditures incurred under the Contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, State and local ordinances.

The Department shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to the Contract held by the Contractor.

It is the intention of the State to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of a contract. Pursuant to Wis. Stat. §19.36(3), all records of the Contractor that are produced or collected under the Contract are subject to disclosure pursuant to a public records request. Upon receipt of notice from the State of a public records request for records produced or collected under the Contract, the Contractor shall provide the requested records to the Department. The Contractor, following final payment, shall retain all records produced or collected under the Contract for six (6) years.

38.0 ANTITRUST ASSIGNMENT: The Contractor and the State recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State (purchaser). Therefore, the Contractor hereby assigns to the State any and all claims for such overcharges as to goods, materials or services purchased in connection with the Contract.

39.0 ASSIGNMENT: No right or duty in whole or in part of the Contractor under the Contract may be assigned or delegated without the prior written consent of the Department.

40.0 PATENT INFRINGEMENT: If goods, products, or articles are provided under the Contract, the Contractor guarantees such items were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of such items described in the Contract will not infringe any United States patent. The Contractor covenants that it will, at its own expense, defend every suit which shall be brought against the State (provided that the Contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such items, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

41.0 SAFETY REQUIREMENTS: All materials, equipment, and supplies provided to the Department must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code and all applicable OSHA Standards.

42.0 FORCE MAJEURE: Neither the Contractor nor the Department shall be in default by reason of any failure in performance of the Contract in accordance with reasonable control and without fault or negligence on their part. Such causes may include, but are not restricted to, acts of nature or the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, but in every case the failure to perform such must be beyond the reasonable control and without the fault or negligence of the non-performing party.

Appendix 3 - GENERAL QUESTIONNAIRE

RFP ETI0035 - Financial Statements Audits for the Wisconsin Deferred Compensation Program

This General Questionnaire is scored. (300 total points)

The purpose of this questionnaire is to provide the Department with a basis for determining the auditing firm's capability to undertake the Contract.

All firms must respond to the following by restating the identifying number of each question (for example, 6.1.1), restating each question or statement, and providing a detailed written response. The Proposal, at a minimum, must address the items listed below, and be organized and labeled in the order indicated below. Instructions for formatting the written response to this section are found in Section 2.4 Proposal Organization and Format of the RFP.

Include all requested documents at the end of the section in your Proposal that corresponds to the Section in the RFP in which the document is requested. Label the document provided with the section number it applies to.

Your firm must be able to perform the Services according to the requirements contained in this RFP.

Your firm must provide sufficient detail for the evaluation committee and the Department to understand how the auditor will comply with each requirement. If your firm believes their qualifications go beyond the minimum requirements or add value, indicate those capabilities in the appropriate section of the Proposal. **Associated costs should ONLY be listed in Form H - Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

6.1 VENDOR STAFFING AND EXPERIENCE

<p>6.1.1</p>	<p>CONTACT INFORMATION</p> <p>Provide the name of the auditing firm, address, telephone number and name of the authorized official responsible for all activities relating to this Proposal.</p>
<p>6.1.2</p>	<p>FIRM EXPERIENCE</p> <p>Your firm must be a CPA firm with at least 5 years of experience doing financial statement audits or 5 years of experience working on s.457 plans with at least \$500,000,000 in assets.</p>
<p>6.1.3</p>	<p>FIRM PROFILE</p> <p>Describe –</p> <ul style="list-style-type: none"> a) The size of the firm. b) The size of the firm’s governmental audit staff. c) The location of the office from which the work on this engagement is to be performed. d) The location of the firm’s headquarters and information technology support. e) The number and nature of the professional staff to be employed in this engagement on a full-time basis. f) The number and nature of the professional staff to be employed in this engagement on a part-time basis. g) Any pending agreements to merge or sell the firm. h) Include evidence of the firm’s financial and organizational stability, including license and bonding to do business in Wisconsin. Firms who do not currently meet this requirement must meet this requirement before entering into a contract. i) Submit audited financial statements for the two (2) most recent fiscal years including the audit opinion, balance sheet, statement of operations, and notes to the financial statements.
<p>6.1.4</p>	<p>MANAGEMENT PROFILE</p> <p>Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to this engagement. Indicate whether such persons are registered or licensed to practice in Wisconsin. Include:</p> <ul style="list-style-type: none"> a) Information on the qualifications, experience, training and government auditing experience of each person who will be involved with this engagement, including relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of the audit, and whether or not that person, in the past five (5) years, has been the subject of any disciplinary action or inquiry in any jurisdiction. Senior managers who may be assigned to this engagement must be specifically identified. b) An affirmative statement that your auditing firm, the key auditing staff, and the manager/supervisor in charge are currently licensed to practice in Wisconsin. <p>An affirmative statement describing the efforts the auditing firm will take to ensure that a partner-level member will be available and readily accessible to the Department throughout the Contract period.</p>
<p>6.1.5</p>	<p>OWNERSHIP AND CLIENT PROFILE</p> <p>Describe your firm’s principal business and client base. The response must address the following:</p>

	<p>a) Your firm’s volume of business and market share in relation to the solicited service in this RFP.</p> <p>b) Is your firm a subsidiary or affiliate of another company? Describe in detail.</p> <p>c) Provide full disclosure of all direct or indirect ownership of your firm, including information regarding all situations where any insurance or investment company has any ownership or monetary interest in your firm.</p>
6.1.6	<p>GOVERNMENT CLIENTS</p> <p>Describe your firm’s government auditing engagements for similar size/type plans over the past five (5) years. The response must address the following:</p> <p>a) List separately all government auditing engagements, ranked based on total staff hours per engagement.</p> <p>b) Indicate the scope of work, date, engagement partners, total hours, and the location of the firm’s office from which the engagement was performed.</p> <p>c) Provide the name and telephone number of the principal client contact.</p> <p>d) Include statistics on the number of clients where similar work has been performed and the number of similar clients gained and lost during this time period.</p>
6.1.7	<p>GOVERNMENT CLIENTS IN WISCONSIN</p> <p>Provide a description of all contracts currently held with State of Wisconsin agencies, local units of government (in Wisconsin) and related public authorities or entities. The response must identify the entity, describe the services provided, and include a statement why each such relationship does not constitute a conflict of interest relative to performing the proposed audits.</p>
6.1.8	<p>DISCIPLINE AND LITIGATION</p> <p>Your firm must not have been the subject of any disciplinary action or inquiry during the past five (5) years. Provide detailed and specific information regarding all situations where your firm has been investigated, cited, or threatened with a citation or disciplinary action, by any state or federal regulatory agency within the last five (5) calendar years. Provide a detailed description of any litigation involving other contracts in which your firm has been or is involved. The response must include all such situations including the date such action was initiated and how the matter was resolved.</p> <p>a) Has your firm been subject to any litigation alleging breach of contract, fraud, breach of fiduciary duty, or other willful or negligent misconduct? If so, provide details including dates and outcomes. The Department reserves the right to reject a response based on this information.</p> <p>b) Provide certification that your firm has not been in bankruptcy and/or receivership within the last five (5) calendar years.</p>
6.1.9	<p>QUALITY CONTROL</p> <p>Your firm must have an internal quality control system in place and external quality control review performed at least once in the last three (3) years, or must be currently under contract to have one performed. Furnish a copy of the report on your most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. Include a copy of the letter of comments, if applicable.</p> <p>Describe your firm’s internal quality control procedures for keeping good records, documenting business processes, checking for errors, and reviewing processes for effectiveness and opportunities to improve. Describe how your firm’s quality control processes would be applied to each stage of this project.</p>

6.1.10	Provide a statement as to the extent to which your firm can perform the proposed Services using only present staff and computer equipment/software/technology, and the extent to which additional resources will be needed and how that will be addressed.
6.1.11	Submit information regarding past contract performance. Include specific detailed information regarding the following: <ul style="list-style-type: none"> a) All situations where your firm has defaulted on a contract. b) All litigation regarding audit contracts. c) All situations where a contract has been canceled or where a contract was not renewed due to alleged fault on the part of your firm.
6.1.12	Describe the problem resolution process in the event an issue arises that requires escalation beyond the key audit staff. <ul style="list-style-type: none"> a) Outline the problem resolution process including escalation steps. b) Name the title(s)/individual(s) with problem resolution authority.

6.2 SECURITY OF DATA

6.2.1	Provide your firm's disaster recovery plan (DRP).
6.2.2	Provide your firm's Incident Response Plan (IRP).
6.2.3	Provide a copy of your firm's policy related to responding to unauthorized disclosure of personal data.
6.2.4	Provide the number of unauthorized disclosure of personal information your firm has experienced in the last two (2) years.
6.2.5	Provide the number of unauthorized disclosures of personal information the Proposer has reported to the Office for Civil Rights (OCR) in the last two (2) years.
6.2.6	Describe what software applications and supporting platform your firm uses to secure Department and member related records and data. Provide information on how secured documentation is sent within your firm's network.
6.2.7	Provide a copy of your firm's cyber security audit policy. Describe how and when audits are conducted and by whom.
6.2.8	Describe the Proposer's policy for preventing data loss in the collection, use, storage and disclosure of personal data.
6.2.9	Provide confirmation that your firm conducts risk assessments compliant with applicable federal and state regulations, including the HIPAA Security Rule.

Appendix 4 - TECHNICAL QUESTIONNAIRE

RFP ETI0035 - Financial Statements Audits for the Wisconsin Deferred Compensation Program

This Technical Questionnaire section is scored. (500 total points)

The purpose of this questionnaire is to provide the Department with a basis for determining the auditing firm's capability to undertake the Contract.

All firms must respond to the following by restating the identifying number of each question (for example, 7.1.1), restating each question or statement, and providing a detailed written response. The Proposal, at a minimum, must address the items listed below and be organized and labeled in the order indicated below. Instructions for formatting the written response to this section are found in Section 2.4 Proposal Organization and Format of the RFP.

Include all requested documents at the end of the section in your Proposal that corresponds to the Section in the RFP in which the document is requested. Label the document provided with the section number it applies to.

Your firm must be able to perform Services according to the requirements contained in this RFP.

Your firm must provide sufficient detail for the evaluation committee and the Department to understand how the auditor will comply with each requirement. If your firm believes their qualifications go beyond the minimum requirements or add value, indicate those capabilities in the appropriate section of the Proposal. **Associated costs should ONLY be listed in Form H - Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

7.1 SERVICES AND DELIVERABLES REQUIRED

<p>7.1.1</p>	<p>PROJECT TIMELINE</p> <p>Your firm affirms its tasks and responsibilities, listed below, shall be completed according to the following schedule:</p> <table border="1" data-bbox="440 411 1414 1182"> <thead> <tr> <th data-bbox="440 411 859 478">Date</th> <th data-bbox="859 411 1414 478">Event</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 478 859 541">January 1, 2019</td> <td data-bbox="859 478 1414 541">1st Auditable Calendar Year Begins</td> </tr> <tr> <td data-bbox="440 541 859 604">July 1, 2019</td> <td data-bbox="859 541 1414 604">Contract Starts</td> </tr> <tr> <td data-bbox="440 604 859 699">July – December 2019</td> <td data-bbox="859 604 1414 699">Preliminary Work on Calendar Year 2019 Audit</td> </tr> <tr> <td data-bbox="440 699 859 762">December 31, 2019</td> <td data-bbox="859 699 1414 762">1st Auditable Calendar Year Ends</td> </tr> <tr> <td data-bbox="440 762 859 856">April 15, 2020</td> <td data-bbox="859 762 1414 856">Draft Audit Report for Calendar Year 2019 is Due after Consultation with the Department</td> </tr> <tr> <td data-bbox="440 856 859 1031">April 30, 2020</td> <td data-bbox="859 856 1414 1031">Final (Draft) Audit Report for Calendar Year 2019 is Due Note: the Board will review the Draft Audit Report and determine if it is acceptable</td> </tr> <tr> <td data-bbox="440 1031 859 1125">Spring 2020</td> <td data-bbox="859 1031 1414 1125">WDC Board Accepts and Finalizes Audit Report</td> </tr> <tr> <td data-bbox="440 1125 859 1182">Calendar Years 2020 and 2021</td> <td data-bbox="859 1125 1414 1182">Schedule Repeats</td> </tr> </tbody> </table>	Date	Event	January 1, 2019	1 st Auditable Calendar Year Begins	July 1, 2019	Contract Starts	July – December 2019	Preliminary Work on Calendar Year 2019 Audit	December 31, 2019	1 st Auditable Calendar Year Ends	April 15, 2020	Draft Audit Report for Calendar Year 2019 is Due after Consultation with the Department	April 30, 2020	Final (Draft) Audit Report for Calendar Year 2019 is Due Note: the Board will review the Draft Audit Report and determine if it is acceptable	Spring 2020	WDC Board Accepts and Finalizes Audit Report	Calendar Years 2020 and 2021	Schedule Repeats
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<p>7.1.2</p>	<p>PURPOSE AND SCOPE - FINANCIAL STATEMENTS AUDITS</p> <p>On behalf of the Deferred Compensation Board, the Department will be furnished with an annual report, audited by an independent certified public accountant (auditor), of the financial status of the WDC Program, disclosing the value of the WDC Program assets, liabilities, analysis of cash receipts and disbursements, and other relevant information as may be reasonably requested by the Department. Information must be supplied to the Department and all local employers to satisfy all Generally Accepted Auditing Standards reporting requirements.</p> <p>The purpose of the financial statements audit for each Plan Year is for the Proposer to express an opinion on whether the “Statements of Net Position Available for Plan Benefits” and the “Statements of Changes in Net Position Available for Plan Benefits” of the WDC Program are prepared in conformity with generally accepted accounting principles (GAAP), are free from material misstatement, and are consistently applied. The public accounting firm selected to provide the audit services will work with the Department and the Department’s Administrator in auditing the WDC Program’s financial statements for the Plan Year. This will include a review of the statements for compliance with the principles of the Governmental Accounting Standards Board applicable to the WDC Program.</p> <p>Auditor shall conduct an examination of the WDC Program financial statements for the following periods:</p>																		

	<ul style="list-style-type: none"> ■ Audit for the 12 month period ending December 31, 2019 which includes the comparative statements for the 12 month period ending December 31, 2018; ■ Audit for the 12 month period ending December 31, 2020 which includes the comparative statements for the 12 month period ending December 31, 2019; and ■ Audit for the 12 month period ending December 31, 2021 which includes the comparative statements for the 12 month period ending December 31, 2020.
<p>7.1.3</p>	<p>SPECIFIC AUDIT APPROACH</p> <p>The proposal shall set forth a work plan to perform the Services, including an explanation of the audit methodology to be followed. In developing the work plan, include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, auditors are required to provide the following information on their audit approach:</p> <ul style="list-style-type: none"> a) Approach to be taken to be able to express an opinion on whether the financial statements accurately reflect the position of the WDC. b) Level of staff and number of hours to be assigned to each proposed segment. c) Sample sizes and the extent to which statistical sampling is to be used. d) Planned use of audit software programs. e) Type and extent of analytical procedures to be used. f) Approach to be taken to gain and document an understanding of the WDC Program and the auditor's internal control structure as it relates to the WDC Program. g) Approach to be taken in determining laws and regulations that will be subject to audit test work. h) Approach to be taken in drawing audit samples for purposes of test compliance. i) Approach to be taken to resolve any audit difficulties (identify and describe any anticipated audit difficulties). j) Any special assistance needed to complete an audit sample that may be requested from the Department.
<p>7.1.4</p>	<p>TIMING, LOCATION AND CONDUCT OF AUDIT WORK</p> <p>The Deferred Compensation Board recognizes that its appropriate officers have the responsibility for the proper recording of transactions in the books of account, for the safeguarding of assets and for the substantial accuracy of the financial statements. These Deferred Compensation Board officers have the responsibility to close and balance all accounts and on behalf of the Board, the Department has the responsibility to prepare the financial statements for all funds to be examined by the auditor.</p> <p>The audit may be conducted on the Department's Administrator's premises as deemed necessary, at a time mutually agreeable to the Administrator, auditor, and the Department. The Administrator shall provide space deemed adequate by the auditor to officially conduct the examination.</p>

	<p>Auditor shall observe the adequacy of the systems of internal control for all funds of the Department's Administrator, including those concerned with maintaining compliance with finance-related legal provisions. If material weaknesses are noted, appropriate recommendations shall be reviewed with the Department's Administrator and then included in a separate letter to the Deferred Compensation Board.</p> <p>Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.</p>
<p>7.1.5</p>	<p>REPORTS AND DOCUMENTS</p> <p>Following the completion of the audit of a calendar year's financial statements, the auditor shall submit to the Department and Board the following:</p> <p>A report on the fair presentation of the Wisconsin Deferred Compensation Program financial statements, which are prepared according to Generally Accepted Auditing Standards, and any supplemental information as required by the Board.</p> <p>The auditor shall produce a management letter for each year of the Contract commenting (if necessary) on material weaknesses in internal control and identifying possible noncompliance with finance-related legal provisions with appropriate recommendations. The auditor shall express an opinion in the management letter on the financial statements of all funds covered in the scope under this Contract. The letter shall present observations and recommendations of the auditor for improvement of the internal control structure, policies and procedures of the WDC Program or state that the auditor has noted no circumstances necessitating recommendations for improvement. If the auditor is unable to express an unqualified opinion, the auditor shall state fully the reasons for qualification or disclaimer of opinion. Draft management letters must be provided to the Department for review and comment. The auditor recognizes it has the responsibility to correct any deficiency, which results in a qualification or disclaimer of opinion.</p> <p>The auditor shall ensure that the Department and the Board are informed of:</p> <ul style="list-style-type: none"> a) The auditor's responsibility under generally accepted auditing standards b) Significant accounting policies c) Management judgments and accounting estimates d) Significant audit adjustments e) Other information in documents containing audited financial statements f) Disagreements with management g) Management consultation with other independent accountants h) Major issues discussed with management prior to retention i) Difficulties encountered in performing the audit
<p>7.1.6</p>	<p>DRAFT REPORTS</p> <p>The draft report of the financial statements audit must have supervisory and technical review before it is submitted to the Department. The auditing firm shall provide an electronic version of the draft report and management letter (if applicable) to the Department for review and approval. The Department should complete the review of the draft report as expeditiously as possible. During the Board's review, the auditing firm must be available to discuss the financial statements report. After all issues are resolved and management has approved the draft financial statements audit report and management letter (if applicable), both a</p>

	<p>paper and an electronic version of the report and management letter (if applicable) will be due to the Department for review no later than the following dates:</p> <table> <tr> <td>Calendar Year 2019</td> <td>April 15, 2020</td> </tr> <tr> <td>Calendar Year 2020</td> <td>April 15, 2021</td> </tr> <tr> <td>Calendar Year 2021</td> <td>April 15, 2022</td> </tr> </table>	Calendar Year 2019	April 15, 2020	Calendar Year 2020	April 15, 2021	Calendar Year 2021	April 15, 2022
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Calendar Year 2020	April 15, 2021						
Calendar Year 2021	April 15, 2022						
7.1.7	<p>FINAL (DRAFT) REPORTS</p> <p>After all issues are resolved and the Department has approved the draft reports and management letter (if applicable), the auditor shall provide at least twenty-five (25) paper copies and one (1) electronic version of the final (draft) financial statements audit report and management letter (if applicable) to the Department, which the Department will deliver to the Board for finalization and acceptance. The auditor will provide the final (draft) report and management letter (if applicable) to the Department no later than the following dates:</p> <table> <tr> <td>Calendar Year 2019</td> <td>April 30, 2020</td> </tr> <tr> <td>Calendar Year 2020</td> <td>April 30, 2021</td> </tr> <tr> <td>Calendar Year 2021</td> <td>April 30, 2022</td> </tr> </table>	Calendar Year 2019	April 30, 2020	Calendar Year 2020	April 30, 2021	Calendar Year 2021	April 30, 2022
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7.1.8	<p>CALENDAR YEAR AUDIT SCHEDULE</p> <p>Confirm your firm’s ability to provide annually, to the Department and the WDC Administrator, an audit schedule that will include dates, interim work, field work and a list of all information needed to complete the financial statements audit and report by the due dates specified above.</p>						
7.1.9	<p>ENTRANCE CONFERENCES, PROGRESS REPORTING AND EXIT CONFERENCES</p> <p>At a minimum, confirm your firm’s attendance and, upon Department request, your firm’s presentation at the following conferences:</p> <ol style="list-style-type: none"> Entrance conference with the Department and key auditor staff Progress conferences (if needed) with the Department Exit conference with the Board, Department and key auditor staff, if needed. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings. 						