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## Correspondence Memorandum

**Date:** January 9, 2020  
**To:** Group Insurance Board  
**From:** Xiong Vang, HSA & ERA Accounts Program Manager  
Office of Strategic Health Policy  
**Subject:** Contract Compliance Audit Results of the Health Savings Account,  
Employee Reimbursement Accounts, and Commuter Fringe Benefit  
Accounts for the Plan Years 2017-2018

**This memo is for informational purposes only. No Board action is required.**

### Background

The Department of Employee Trust Funds (ETF) retained Wipfli LLP to conduct the biennial audit of Total Administrative Services Corporation (TASC) as the third-party administrator (TPA) of the Health Savings Accounts (HSA), Employee Reimbursement Accounts (ERA), and Commuter Fringe Benefit Accounts (Transit and Parking Accounts) for January 1, 2017 through December 31, 2018. Each of the benefit programs are contracted separately for the audits with Wipfli.

The audits evaluated the effectiveness of internal controls for several key areas, including enrollment, contribution limits, claims substantiation, billing and plan finalization reporting. Wipfli provided the completed audit reports in Attachments A-F. TASC declined an opportunity to respond to the draft audit findings.

### Audit Results

Overall, the objective of completing these audits is to assist ETF in determining TASC's compliance with specified terms of the contract, including established performance standards, maintenance of participant records, and the timely and accurate processing of transactions. There were no significant findings identified in this regard. However, there were two minor findings which are addressed later in this memo.

The results for each program are summarized below.

Reviewed and approved by Eileen K Mallow, Director, Office of  
Strategic Health Policy

Electronically Signed 1/22/20

Board	Mtg Date	Item #
GIB	2.5.20	8A

Health Savings Accounts Program (Attachments A and B)

Wipfli examined and had no findings in the key areas listed below.

- *Enrollment Processing:* ETF requested Wipfli to determine whether open enrollment and mid-year enrollments (new hires and qualifying life event enrollments) are processed accurately, are supported by HDHP enrollments, are consistent with deferral activity, and are supported by adequate documentation.
- *Participant Deferrals:* ETF requested Wipfli to determine whether deferrals elected by participants via contribution files from the payroll centers were processed accurately and timely to participant accounts.
- *Contribution Limit Testing:* ETF requested Wipfli to determine whether participant contributions exceeded the IRS maximum contribution levels.
- *Administrative Fee Invoices:* ETF requested Wipfli to determine whether administrative billings are accurate, adequately supported, and consistent with participant counts.
- *Review of Internal Controls:* ETF requested Wipfli to determine whether there are proper internal controls for HSA processes. Wipfli obtained an understanding of the procedures and controls surrounding TASC's processes in the following specific areas: Client Set-Up, Enrollment and Participant Data, Client Funding, Claims Processing, and Claims Disbursement.

Employee Reimbursement Accounts Program (Attachments C and D)

Wipfli examined the key areas listed below. They had one recommendation related to the Plan Finalization Report which is discussed below.

- *Enrollment Processing:* ETF requested Wipfli to determine whether open enrollment and mid-year enrollments (new hires and qualifying life-event enrollments) are processed accurately, are consistent with deferral activity, and are supported by adequate documentation.
- *Participant Deferrals:* ETF requested Wipfli to determine whether deferrals elected by participants via contribution files from the payroll centers were processed accurately and timely to participant accounts.
- *Claims Processing:* ETF requested Wipfli to determine whether approved claims were adequately supported (by Merchant Category Code (MCC), receipts, invoices, etc.) and in compliance with IRS regulations.
- *Unsubstantiated Claims:* ETF requested Wipfli to determine, based on case notes and provided documentation, that denied claims were properly denied; determine that participants were properly contacted to alert them their claim had been denied

and that additional support was needed; and determine that denied claims that were never supported were transmitted to ETF to allow for collections.

- *Billing for Claims:* ETF requested Wipfli to determine whether billing for claims appears accurate and is consistent with activity recorded in the TASC system. Claims billings are reported on the Claims Funding Invoices.
- *Administrative Fee Invoices:* ETF requested Wipfli determine whether administrative billings are accurate, adequately supported, and consistent with participant counts.
- *Plan Finalization Report 2017:* ETF requested Wipfli to determine whether the Plan Finalization Report for 2017 is accurate based on actual participant activity and program requirements; and determine that carryover and forfeitures were calculated and administrated properly.
- *Review of Internal Controls:* ETF requested Wipfli to determine whether there are proper internal controls for ERA processes. Wipfli obtain an understanding of the procedures and controls surrounding TASC's processes in the following specific areas: Client Set-Up, Enrollment and Participant Data, Client Funding, Claims Processing, and Claims Disbursement.

Finding: For all participants selected, the Plan Finalization activity agreed with activity posted to participants' accounts on the TASC online portal. Selected participants with carryovers were properly calculated and posted to participant accounts in 2018 for fifteen of the seventeen selected participants. For two of the selected participants, carryovers were not posted until 2019.

Wipfli Recommendation: Wipfli testing revealed an exception for two of seventeen participants selected from the plan finalization report. Wipfli recommends additional focus be directed toward this element of the Plan administration. In particular, the TPA may develop additional checks or close out procedures to identify forfeited balances that should have been carried over to the immediately following year. Additionally, ETF may elect to apply testing procedures of its own in order to increase monitoring of this activity and to be able to alert the TPA of potential exceptions on a timelier basis than this compliance engagement affords.

ETF Response: ETF OSHP Program Manager will discuss with the new third-party administrator, ConnectYourCare (CYC), to understand and ensure they have controls in place for accurate recording of carryover and forfeiture balances. In addition, OSHP staff will work with ETF Division of Trust-Finance (DTF) and Office of Internal Audit staff to determine if there are controls that could be implemented internally to mitigate the risk of this type of issue occurring.

Commuter Benefits Accounts Program (Attachments E and F)

Wipfli examined the key areas listed below. During the testing of contributions, Wipfli identified one exception that is discussed below.

- *Enrollment Processing:* ETF requested Wipfli to determine whether open enrollment and mid-year enrollments (new hires and qualifying life-event enrollments) are processed accurately, are consistent with deferral activity, and are supported by adequate documentation.
- *Participant Deferrals:* ETF requested Wipfli to determine whether deferrals elected by participants via contribution files from the payroll centers were processed accurately and timely to participant accounts.
- *Claims Processing:* ETF requested Wipfli to determine whether approved claims were adequately supported (by Merchant Category Code (MCC), receipts, invoices, etc.) and in compliance with IRS regulations.
- *Billing for Claims:* ETF requested Wipfli to determine whether billing for claims appears accurate and is consistent with activity recorded in the TASC system. Claims billings are reported on the Claims Funding Invoices.
- *Administrative Fee Invoices:* ETF requested Wipfli to determine whether administrative billings are accurate, adequately supported, and consistent with participant counts.
- *Plan Finalization Report 2017:* ETF requested Wipfli to determine whether the Plan Finalization Report for 2017 is accurate based on actual participant activity and program requirements. Determine that carryover and forfeitures were calculated and administrated properly.
- *Review of Internal Controls:* ETF requested Wipfli to determine whether there are proper internal controls for Commuter processes. Wipfli obtain an understanding of the procedures and controls surrounding TASC's processes in the following specific areas: Client Set-Up, Enrollment and Participant Data, Client Funding, Claims Processing, and Claims Disbursement.

Finding: During the testing of contributions, Wipfli identified one of the randomly sampled transactions was (\$1,092), which would not be expected. Wipfli inquired of TASC as to the nature of this transaction and they indicated transactions are processed according to data received from the payroll centers.

Wipfli Recommendation: Wipfli recommends ETF work with the administrator to develop a policy for screening and reviewing transactions that do not meet the criteria of 'usual' based on established criteria which could indicate directional or magnitude thresholds.

ETF Response: ETF OSHP Program Manager will work with CYC to establish a process for reviewing contribution amounts for reasonableness.

**Conclusion**

Overall, the two findings are relatively minor in nature. ETF will implement any needed changes with CYC. The Board can expect to receive an update when the recommendations have been implemented which is expected to be mid-year of 2020. The 2019-2020 plan year biennial audits for HSA, ERA, and Commuter Benefits Accounts are scheduled in 2021.

Staff will be at the Board meeting to answer any questions.

- Attachment A: Independent Accountant's Report on Applying Agreed-Upon Procedures for Third-Party Administrator of the Health Savings Accounts
- Attachment B: Report on Selected Internal Controls of the Health Savings Accounts Program
- Attachment C: Independent Accountant's Report on Applying Agreed-Upon Procedures for Third-Party Administrator of the ERA
- Attachment D: Report of Selected Controls, Policies and Procedures for the Employee Reimbursement Account Program
- Attachment E: Independent Accountant's Report on Applying Agreed-Upon Procedures for Third-Party Administrator of the Commuter Benefits
- Attachment F: Report on Selected Internal Controls for the Commuter Benefits Accounts Program

**State of Wisconsin**  
**Department of Employee Trust Funds**

Madison, Wisconsin

**Independent Accountant's Report on Applying Agreed-  
Upon Procedures for Third-Party Administration of the  
Health Savings Accounts Program**

Years Ended December 31, 2018 and 2017

# State of Wisconsin Department of Employee Trust Funds

## Independent Accountant’s Report on Applying Agreed-Upon Procedures

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Independent Accountant's Report on Applying Agreed-Upon Procedures for  
Third-Party Administration of the Health Savings Accounts Program

Department of Employee Trust Funds  
State of Wisconsin  
Madison, Wisconsin

We have performed the procedures presented in the following report, which were agreed to by the State of Wisconsin Department of Employee Trust Funds (the specified party), on the Third-Party Administrator's (Total Administrative Services Corporation) compliance with the Contract for the Third-Party Administration for Health Savings Accounts Program for the years ended December 31, 2018 and 2017. Total Administrative Services Corporation's management is responsible for the Third-Party Administrator's compliance with the Contract for the Third-Party Administration for Health Savings Accounts Program. The sufficiency of these procedures is solely the responsibility of the State of Wisconsin Department of Employee Trust Funds. Consequently, we make no representation regarding the sufficiency of the procedures described in the following report, either for the purpose for which this report has been requested, or for any other purpose.

Our procedures and findings are described in the following report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Third-Party Administrator's compliance with the Contract for the Third-Party Administration for Health Savings Accounts Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Attestation standards established by the American Institute of Certified Public Accountants require that we request a written letter of representation from Total Administrative Services Corporation at the conclusion of the engagement. Such letter providing representation, among other things, of the responsible party's assertion about the subject matter, any known contradictions to the subject matter or assertion, communications from other parties, and acknowledgement of its responsibility for the subject matter, assertion, and that it has provided us with access to all relevant records and disclosure of any other relevant matters. We requested that Total Administrative Services Corporation provide such representations but Total Administrative Services Corporation refused to do so. Based on communications in our engagement letter and discussions during the engagement, we do not believe the refusal to provide requested representation bear on the results of our procedures.

This report is intended solely for the information and use of the State of Wisconsin Department of Employee Trust Funds and is not intended to be and should not be used by anyone other than this specified party.

*Wipfli LLP*  
Wipfli LLP

January 10, 2020  
Madison, Wisconsin



## Section 1 – Objectives and Scope

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# Objectives and Scope

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This section of our report is based on the agreed-upon procedures as set forth in the contract dated April 15, 2019, our proposal dated November 28, 2018 and the Request for Proposal dated October 17, 2018. Certain other specific parameters, including sample sizes and error definitions, were discussed with Department of Employee Trust Funds (ETF) personnel in advance of performance.

## A. Overview

The Health Savings Accounts Program (HSA) is authorized under Section 223 of the Internal Revenue Code and Wisconsin Statutes §40.515. The HSA Program allows participants to pay for eligible expenses using their pretax income rather than after tax income. Most full-time or part-time classified and unclassified state and university employees are eligible to participate, provided they are also enrolled in a High Deductible Health Plan (HDHP). Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin System, as well as limited term employees, student hourlies, per diems, and other temporary employees may not participate.

Employees of the State of Wisconsin determine how much they want to contribute to their HSA, and contributions are deducted from their paychecks, pretax, throughout the plan year. The IRS establishes HSA contribution dollar limits per plan per year which must be adhered to and monitored. Many of the documentation requirements for withdrawals from the participants' HSA accounts are the responsibility of the participants, as taxpayers.

The State of Wisconsin has nine different payroll centers that provide participant information to Total Administrative Services Corporation ("TASC") for all eligible and enrolled employees:

- Central
- Courts
- Legislature
- University of Wisconsin
- UW Hospitals and Clinics
- WEDC
- WHEDA
- WISCRAFT Beyond Vision
- FRNSA

The HSA Program has been administered by TASC since the 2015 plan year (the plan years begin on January 1 of every year). TASC is responsible for the following:

- Technical assistance
- Plan administration
- Certain record keeping duties
- Enrollment processing
- Transmittal of contributions

TASC has contracted with WEX Health for various services including:

- Custodial services
- Account activity
- Recordkeeping duties
- Customer services

# Objectives and Scope

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ETF is primarily responsible for the following:

- Assisting TASC regarding communications to participating payroll center employers and employees
- Approval of marketing and promotional materials
- Operating decisions
- Securing and monitoring the contract with the third-party administrator

## B. Previous Examinations

The HSA Program was last tested for contract compliance for the period January 1, 2015, through December 31, 2016.

## C. Objectives

Our engagement was designed to assist ETF in determining TASC's compliance with specified terms of the Contract, adherence to established performance standards, maintenance of participant records and whether it is processing transactions timely, accurately, and in compliance with regulatory and contractual requirements, as established by ETF, who is responsible for the sufficiency of the procedures for their purposes. In addition, we were engaged to issue a written report that describes the procedures applied and the related findings.

## D. Scope

Our engagement extends to the application of the procedures enumerated in Section II of this report. We applied these procedures to the records and systems maintained by TASC, the Payroll Centers, and ETF. Our procedures were applied to the years ended December 31, 2017 and 2018.

## Section II – Health Savings Accounts Procedures and Results

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# Health Savings Accounts Procedures and Results

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## Enrollment Processing

### Objectives

Determine whether open enrollment and mid-year enrollments (new hires and qualifying life-event enrollments) are processed accurately, are supported by HDHP enrollments, are consistent with deferral activity, and are supported by adequate documentation.

### Procedures

1. Wipfli generated HSA Account Detail Reports from the TASC system for 2018 and 2017, which contain listings of all participants with HSA accounts.
2. Selected a random sample of 15 participants from each report.
3. Obtained open enrollment census or mid-year enrollment documentation for all participants in the sample.
4. Obtained HDHP coverage election information for all participants enrolling via open enrollment in the sample.
5. Verified that participants were eligible, per the applicable open enrollment census or mid-year enrollment documentation.

We received the HSA Account Detail Report files indicated above from the TASC system and randomly selected 30 HSA enrollments of the approximately 5,000 accounts in each year.

### Results

All participants tested were properly enrolled based on HDHP coverage, employee-class eligibility, and supporting enrollment documentation.

# Health Savings Accounts Procedures and Results

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## Participant Deferrals

### Objectives

Determine whether deferrals elected by participants via contribution files from the payroll centers were processed accurately and timely to participant accounts.

### Procedures

1. Wipfli generated HSA Account Detail – Contributions Detail Reports using the TASC system, which lists all contributions, by participant, from January 1, 2017 to December 31, 2018
2. Selected a random sample of 40 participants from this report.
3. Sent confirmation letters to each participant sampled asking them to review their contribution activity and confirm whether or not it matched their records and/or expectations. Each participant was sent a list of their contributions over the period above.

We generated the HSA Account Detail – Contributions Detail Reports using the TASC system and randomly selected 40 participants of the approximately 5,000 participants listed.

### Results

A total of 40 contributions were sent, 14 were returned with positive confirmation, 0 were returned with negative confirmation, and 26 were not returned.

# Health Savings Accounts Procedures and Results

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## Contribution Limit Testing

### Objectives

Determine whether participant contributions exceeded the IRS maximum contribution levels.

### Procedures

1. Wipfli generated HSA Account Detail Reports for 2018 and 2017 using the TASC system, which contain listings of participants with HSA accounts.
2. Sorted and filtered each report to identify participants with contributions greater than the IRS maximum for individual coverage (approximately 960 participants in 2017 and 1,450 participants in 2018).
3. Selected a random sample of 10 of the participants identified in Procedure 2 from each report.
4. Obtained birth dates and coverage elections (family vs. individual) to test if these individuals were under a higher maximum contribution criterion.

We received the HSA Account Detail Report files indicated above from the TASC system and randomly selected 10 accounts in each year.

### Results

All participants tested with contribution levels greater than the IRS maximum contributions at the individual level either enrolled in family coverage or were of age for catch-up contributions. None of these ten exceeded the family or catch up levels, as applicable.

# Health Savings Accounts Procedures and Results

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## Administrative Fee Invoices

### Objectives

Determine whether Administrative billings are accurate, adequately supported, and consistent with participant counts.

### Procedures

1. Obtained six Administrative Billing Invoices from TASC to ETF. Administrative Billings are invoiced monthly. Six invoices were judgmentally selected based on the month of service (February 2017, August 2017, December 2017, May 2018, July 2018, November 2018).
2. Received a copy of the invoice and the supporting list of participant accounts.
3. Performed analytical procedures comparing participant counts and invoice amounts among the selected invoices as well as the Employer Enrollment Report to identify values above or below 5% of the average.

### Results

All invoices tested were adequately supported and able to be recalculated based on the underlying supporting documentation of the participant account count. The fee rates used agreed to the Contract and amendments. Analytical procedures revealed participant counts of 3,308, 3,596, 3,854, 5,312, 5,427, and 5,750 on each of the invoices above, respectively. A notable participant increase occurred from December 2017 and May 2018. Participant levels were otherwise stable.



## Section III – Comments and Recommendations

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# Comments and Recommendations

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1. There were no exceptions identified in the items selected for testing. Accordingly, we have no recommendations.

**State of Wisconsin**  
**Department of Employee Trust Funds**

Madison, Wisconsin

**Report on Selected Internal Controls of the Health  
Savings Accounts Program**

Years Ended December 31, 2018 and 2017



## Executive Summary

January 10, 2020

State of Wisconsin – Department of Employee Trust Funds  
Madison, Wisconsin

In accordance with our proposal dated November 28, 2018, in relation to the Request for Proposal dated October 17, 2018 and the contract dated April 15, 2019, and based on discussions with the State of Wisconsin Department of Employee Trust Funds (ETF) management, we have completed procedures to evaluate the effectiveness of certain controls of the administration of the Health Savings Account program (HSA) by Total Administrative Services Corporation (TASC) on behalf of ETF. The objectives of this engagement were to perform reviews of certain internal controls related to the ERA. This engagement was not intended to be, and was not, considered an audit or fraud examination because of the restricted nature and limited scope of the procedures performed.

### Overview

To achieve the objectives of this engagement, we completed interviews and discussions with key staff at TASC and ETF and reviewed existing controls and process and risk documentation.

Results of our observations and recommendations relied on, and are dependent on, the completeness and accuracy of information provided by TASC and ETF without independent verification.

### Reporting Results of Procedures

A summary of the results of the control procedures is included in the Objectives, Procedures and Results section of this report.

Distribution of this report by the specified parties to other third parties does not constitute designation of those third parties as “users” or “specified parties” with respect to this report or the matters addressed herein, nor does it permit those third parties to use or rely on this report for any purpose.

This engagement was performed in accordance with the Statement on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants. This information is intended solely for the information and use of TASC and ETF in relation to the results of procedures performed pursuant to the engagement letter. It is not intended to be, and should not be, reproduced, published, or distributed to anyone other than these specified parties or for any other purpose without the prior written consent of Wipfli LLP (“Wipfli”).

We look forward to our continued association and appreciate the opportunity to be of service. Please do not hesitate to contact Wipfli if you have any questions or concerns regarding information contained in the accompanying report.

*Wipfli LLP*

WIPFLI LLP

# Review of Internal Controls, Policies, and Procedures

## Objectives, Procedures, Results

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### Review of Internal Controls:

#### Objectives

Obtain an understanding of the procedures and controls surrounding TASC's processes in the following specific areas:

- Client Set-Up
- Enrollment and Participant Data
- Client Funding
- Claims Processing
- Claims Disbursement

#### Procedures

1. Obtained and examined the most recent Independent Service Auditor's Reports on the Service Organization Controls Report ("SOC1") report on internal controls and effectiveness for TASC and relevant audit results. This included:
  - The Benefits Administration System for the Period November 1, 2016 through April 30, 2017, and
  - The eFlex Benefits Administration System for the Period January 1, 2018 through September 30, 2018.
2. Obtained and examined the most recent Independent Service Auditor's Reports on the Service Organization Controls Report ("SOC2") report on internal controls and effectiveness for WEX Health and relevant audit results. This included:
  - The WEX Health Cloud, Payment Card, and Cloud Mobile Application System for the Period January 1, 2017 through September 30, 2018

See Appendix for full evaluations.

#### Results

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, appear to be in place, have been adequately reviewed, and may be relied upon, except for the exceptions listed in the Appendix.

# Appendix

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# Appendix – SOC Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	TASC
System or Function Covered:	eFlex Benefits Administration System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 1 Type 2 Report
Period Covered in Report:	January 1, 2018 through September 30, 2018
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Does not cover 2017 and October 1 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	See noted exceptions below.
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	WEX Health system eFlex
Are subservice organizations included or carved out?	Y	Carved out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

# Appendix – SOC Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	Client Setup, Enrollment and Participant Data, Client Funding, Claims Processing, Claims Disbursement, & Logical Access
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	See PDF PG 8/27
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	Because TASC utilizes WEX's SaaS application, it is not feasible for the control objectives related to hosting, security, logical access and change management services be achieved solely by TASC. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with TASC's controls and the related tests and results described in Section 4 of the report.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	It is the responsibility of the client to ensure appropriate information was entered into the WEX system.	Yes
	It is the client's responsibility to inform TASC timely of enrollment errors identified or delays in processing.	Yes
	It is the client's responsibility to change applicable client information or inform TASC of required changes timely.	Yes
	It is the responsibility of the client to verify file transmissions to TASC are successful.	Yes

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls
1	<b>Client Setup Control Objective A: Controls provide</b>	Control A2: A secondary review is performed on the plan service agreement for all new client setups. Errors are resolved timely.	PDF 21/27	A2: Minimal.



# Appendix – SOC Reviews

	<p><b>reasonable assurance that accurate plan information is entered completely and accurately into the system.</b></p>	<p>Result: <b>For one of four new clients tested, a secondary review was not performed timely.</b></p> <p>Control A4: Plans acquired by TASC during the examination period are reviewed and approved during client setup.</p> <p>Result: <b>The operating effectiveness of this control could not be tested because circumstances that warrant the operation of the control did not occur during the period.</b></p>		<p>A4: Minimal. No activity occurred.</p>
2	<p><b>Enrollment and Participant Data</b></p> <p><b>Control Objective B: Controls provide reasonable assurance that enrollment and participant information is received from authorized sources and entered completely and accurately into the system.</b></p>	<p>None noted.</p>	n/a	n/a
3	<p><b>Client Funding</b></p> <p><b>Control Objective C: Controls provide reasonable assurance that client funding is authorized, recorded, and processed completely and accurately.</b></p>	<p>None noted.</p>	n/a	n/a
4	<p><b>Claims Processing</b></p> <p><b>Control Objective D: Controls provide reasonable assurance that claim information is recorded and processed completely, accurately and timely.</b></p>	<p>None noted.</p>	n/a	n/a
5	<p><b>Claims Disbursement</b></p> <p><b>Control Objective E: Controls provide reasonable assurance that participant disbursements are authorized, recorded, and processed completely, accurately</b></p>	<p>None noted.</p>	n/a	n/a

# Appendix – SOC Reviews

	<i>and timely.</i>			
6	<p><b>Logical Access</b></p> <p><b>Control Objective F: Controls provide reasonable assurance that logical access to applications, programs, and data is limited to authorized individuals.</b></p>	<p>Control F1: Access for new users or modifications to existing users access is requested and approved in accordance with established policies and procedures.</p> <p>Results: <b>For two of 25 users tested, access was not approved in accordance with the established policies and procedures.</b></p> <p>Control F2: Access to the WEX application is removed or disabled within 5 business days of termination.</p> <p>Results: <b>For one of the 12 terminations tested, removal of access to the WEX application was not performed in a timely manner.</b></p>	PDF PG 26/27	Minimal.

If control objectives are qualified, how will we expand our due diligence activities to ensure the service organization's controls do not adversely impact our operations? Describe: N/A

## Other Information Provided by the Service Organization (optional)

Are any subsequent events noted in this section? Subsequent events are any operational changes identified by the Service Organization that would impact the Control Objectives identified in section 3 of the report. If any subsequent events are noted, how do these affect our operations?

There were no subsequent events noted in section 5; rather section 5 includes managements response to the exceptions noted below:

- Control A2: Management agrees with the exceptions. The two samples identified had appropriate access and the WEX access was granted by a supervisor. Management will perform supervisor training to highlight and reeducate the granting or changing of WEX access to be submitted through the BTS's help ticket process per the policies and procedures.
- Control F1: Management agrees with the exception. Management will reinforce the policy of removing the access for terminated employees within five business days through department training.
- Control F2: Management agrees with the exception. For the one application identified, there were no errors to be resolved based on the secondary review. TASC internally identified the issue and resolved it in March 2018 through training and education.
- **Wipfli notes the management responses indicated on page 25 of the report do not relate to the appropriate control: The response for A2 relates to control F1, the response for F1 relates to F2, and the response for F2 relates to A2. Wipfli recommends TASC correct this error.**

## Conclusion

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, except for the exceptions listed above, appear to be in place, have been adequately reviewed, and may be relied upon. Please review the identified exceptions and determine whether further evaluation of management's responses is required:

# Appendix – SOC Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	TASC
System or Function Covered:	Benefits Administration System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 1 Type 2
Period Covered in Report:	November 1, 2016 through April 30, 2017
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Caveat – covers part of 2017. Does not cover May 1, 2017 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	See noted exceptions below.
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	WEX Health
Are subservice organizations included or carved out?	N	Carved Out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

# Appendix – SOC Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	Client Setup, Enrollment and Participant Data, Client Funding, Claims Processing, Claims Disbursement, Logical Access, & Data Transmission
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	See PDF PG 6/27
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	Because TASC utilizes WEX's SaaS application, it is not feasible for the control objectives related to hosting, security, logical access and change management services be achieved solely by TASC. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with TASC's controls and the related tests and results described in Section 4 of the report.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	It is the responsibility of the client to ensure appropriate information was entered into the WEX System.	Yes
	It is the client's responsibility to inform TASC timely of enrollment errors identified or delays in processing.	Yes
	It is the client's responsibility to change applicable client information or inform TASC of required changes timely.	Yes
	It is the responsibility of the client to verify file transmissions to TASC are successful.	Yes

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls

# Appendix – SOC Reviews

1	<p><b>Control Objective A:</b>  <i>Controls provide reasonable assurance that accurate plan information is entered completely and accurately into the system.</i></p>	<p>Control A1: A completed and signed plan service agreement is utilized for all new client setups.</p> <p>Results: The population of new clients during the examination period could not be validated.</p> <p>Control A2: A secondary review is performed on the plan service agreement for all new client setups. Errors are resolved timely.</p> <p>Results: The population of new clients during the examination period could not be validated.</p> <p>For 2 of 4 samples tested, the secondary review was not completed timely. For 1 of 4 samples tested, the secondary review error identified was not remediated.</p> <p>Control A4: Plans acquired by TASC during the examination period are reviewed and approved during client setup.</p> <p>Results: The operating effectiveness of this control could not be tested as there were no acquisitions during the examination period.</p>	PDF 21/30	Minimal.
2	<p><b>Control Objective B:</b>  <i>Controls provide reasonable assurance that enrollment and participant information is received from authorized sources and entered completely and accurately into the system.</i></p>	None noted.	n/a	n/a
3	<p><b>Control Objective C:</b>  <i>Controls provide reasonable assurance that client funding is authorized, recorded, and processed completely and accurately.</i></p>	None noted.	n/a	n/a
4	<p><b>Control Objective D:</b>  <i>Controls provide reasonable assurance that claim information is recorded and processed completely, accurately and timely.</i></p>	None noted.	n/a	n/a
5	<p><b>Control Objective E:</b>  <i>Controls provide reasonable assurance that participant disbursements are authorized, recorded,</i></p>	None noted.	n/a	n/a

# Appendix – SOC Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	WEX Health
System or Function Covered:	WEX Health Cloud, Payment Card and Cloud Mobile Application System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 2 Type 2 Report covering Security, Availability, Processing Integrity, and Confidentiality
Period Covered in Report:	January 1, 2018 – September 30, 2018
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Caveat – Period covered is within the scope of the audit but is not complete through December 21, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	N	
Are subservice organizations included or carved out?	N	Carve out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

# Appendix – SOC Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	<p>WEX Health uses subservice organizations to assist in the delivery of their WEX Health Cloud, Payment and Cloud Mobile Application System. The scope of this report does not extend to the controls at the subservice organizations. On an annual basis, WEX Health management contacts the subservice organizations to obtain their System and Organization Controls (SOC) 1 and/or SOC 2 reports. For the obtained reports, WEX Health management reviews the SOC report whereby they evaluate the opinion and any deficiencies noted to determine the impact to WEX Health and their user entities. If there are complementary user entity controls listed within the report, they are mapped to internal processes and controls.</p> <p>FIS – Integration partner for benefit card processing services (Processing and card fulfillment services for the WEX Health Payment Card)</p> <p>Healthcare Bank – HAS Custodian and Integration partner for benefit card processing services (Funds disbursement from the account to consumers or to settle benefit card transactions).</p> <p>Equinix, Inc. – Colocation Services (Power, internet access and physical security for the WEX Health Cloud, Payment Card and Cloud Mobile Application production environments.</p> <p>OneNeckIT Solutions – Colocation Services (Hosting of the staging, training, test and disaster recovery environments for the WEX Health Cloud and Cloud Mobile Application.</p>
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	See above.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	Setting up the primary agent accounts for the Cloud Mobile Application.	Y
	Setting up their respective application users and access permissions.	Y
	Ensuring proper representatives are available for approving the final go-live of the WEX Health environment and branding as it relates to their organization.	Y
	Monitoring their submitted helpdesk tickets in the on-line Customer Relationship Management tool to determine if their submitted incidents have obtained the necessary	Y

# Appendix – SOC Reviews

	support.	
	Evaluating WEX Health password settings and ensuring configuration is consistent with their own information security policies.	Y
	Providing WEX Health the time for session length and inactivity for the Mobile Application if the default parameter is not selected.	Y
	Reviewing their own disaster recovery plans in relation to the WEX Health disaster recovery plan to determine if relevant risks are understood to the user organization.	Y
	Reconciling ACH transactions to WEX Health activity reports (reimbursement and funding) to bank statements.	Y
	User entities are responsible for providing accurate and timely information to WEX Health.	Y
	Reconciling debt card transactions to WEX Health settlement reports to bank statement settlement activity.	Y
	Reviewing, approving, or denying potential duplicate claims in accordance with their policies.	Y
	Ensuring appropriate substantiation and approval of claims within the WEX Health Cloud, Payment Card and Cloud Mobile Application.	Y
	Reviewing and monitoring reports provided by WEX Health to make sure that out of balance debit cards requiring their attention are resolved within a timely basis.	Y
	Obtaining signed agreements with custodians for custodial based products and BIN sponsors.	Y
	Requesting WEX Health to delete data after early termination of contract.	Y
	Setting up initial partner setup for user entities that subscribe only to WEX Health Payment Card.	Y

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls
1	C1.6 – Changes to entity's confidentiality commitments and system requirements are communicated to internal and external users, vendors, and other third-parties whose products and services are included in the system.	<p>CI8 – Personnel are notified when there are changes to confidentiality commitments and requirements.</p> <p>Results: The operating effectiveness of this control could not be tested as there were no changes during the period.</p>	PDF 82/84	Minimal – Inspected the WEX Health confidentiality agreements to determine no changes were made to the agreement during the period.
2				
3				
4				
5				
6				

If control objectives are qualified, how will we expand our due diligence activities to ensure the service organization's



# Appendix – SOC Reviews

controls do not adversely impact our operations? Describe:

## Other Information Provided by the Service Organization (optional)

Are any subsequent events noted in this section? Subsequent events are any operational changes identified by the Service Organization that would impact the Control Objectives identified in section 3 of the report. If any subsequent events are noted, how do these affect our operations?

There were no subsequent events noted. WEX did provide the following information in section 5:

- As of November 19, 2018, WEX Health has implemented Gmail for sending and receiving secure emails. Gmail software offers person-to-person secure email communication capabilities.
- As of January 1, 2019, WEX Health has implemented Cherwell IT Service Management software for managing IT ticketing processes. Cherwell offers enterprise best-practice IT Service Management capabilities. This change does not impact any Partner facing ticketing processes.

## Conclusion

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, except for the exceptions listed above appear to be in place, have been adequately reviewed, and may be relied upon. Please review the identified exceptions and determine whether further evaluation of management's responses is required:

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# Appendix – SOC Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	WEX Health
System or Function Covered:	WEX Health Cloud, Payment Card and Cloud Mobile Application
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 2 Type 2 Report
Period Covered in Report:	January 1, 2017 – September 30, 2017
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Caveat – Timeframe covered includes only the first 9 months of 2017 and does not cover October 1, 2017 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	Fidelity National Information Services and health savings account custodians to perform benefit card processing services, Equinix, Inc., and OneNeck IT Solutions colocation services.
Are subservice organizations included or carved out?	N	Carved out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

# Appendix – SOC Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	<p>WEX Health uses the following subservice organizations; Fidelity National Information Services and health savings account custodians to perform benefit card processing services, Equinix, Inc. and OneNeck IT Solutions to perform colocation services. The description includes only the controls of WEX Health and excludes the controls of the subservice organizations. The description also indicates that certain applicable trust services criteria can only be met if the subservice organizations' controls contemplated in the design of WEX Health's controls, are suitably designed and operating effectively along with the related controls at WEX Health. The description does not extend to the controls of the subservice organizations.</p> <p>FIS – Integration partner for benefit card processing services (Processing and card fulfillment services for the WEX Health Payment Card)</p> <p>Healthcare Bank – HAS Custodian and Integration partner for benefit card processing services (Funds disbursement from the account to consumers or to settle benefit card transactions).</p> <p>Equinix, Inc. – Colocation Services (Power, internet access and physical security for the WEX Health Cloud, Payment Card and Cloud Mobile Application production environments.</p> <p>OneNeckIT Solutions – Colocation Services (Hosting of the staging, training, test and disaster recovery environments for the WEX Health Cloud and Cloud Mobile Application.</p>
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	See above.
Does the report include user control considerations? See below.	Y	See below.

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	Setting up the primary agent accounts for the Cloud Mobile Application.	Y
	Setting up their respective application users and access permissions.	Y
	Ensuring proper representatives are available for approving the final go-live of the WEX Health environment and branding as it relates to their organization.	Y

# Appendix – SOC Reviews

	Monitoring their submitted helpdesk tickets in the on-line Customer Relationship Management tool to determine if their submitted incidents have obtained the necessary support.	Y
	Evaluating WEX Health password settings and ensuring configuration is consistent with their own information security policies.	Y
	Providing WEX Health the time for session length and inactivity for the Mobile Application if the default parameter is not selected.	Y
	Reviewing their own disaster recovery plans in relation to the WEX Health disaster recovery plan to determine if relevant risks are understood to the user organization.	Y
	Reconciling ACH transactions to WEX Health activity reports (reimbursement and funding) to bank statements.	Y
	Reconciling debit card transactions to WEX Health settlement reports to bank statement settlement activity.	Y
	Reviewing, approving or denying potential duplicate claims in accordance with their policies.	Y
	Ensuring appropriate substantiation and approval of claims within the WEX Health Cloud, Payment Card and Cloud Mobile Application.	Y
	Reviewing and monitoring reports provided by WEX Health to make sure that out of balance debit cards requiring their attention are resolved within a timely basis.	Y
	Obtaining signed agreements with custodians for custodial based products and BIN sponsors.	Y
	Requesting WEX Health to delete data after early termination of contract.	Y
	Setting up initial client setup for user entities that subscribe only to WEX Health Payment Card.	Y

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls
1	<b>CC 5.2</b> – New internal and external system users, whose access is administered by the entity, are registered and authorized prior to being issued system credentials and granted the ability to access the system to meet the entity's commitments and system requirements as they relate to security, availability, processing integrity and confidentiality. For those users whose access is administered by the entity, user system credentials are removed when user	<p><b>LS5</b> – The Technology Services group grants and modifies access to applications and systems after approval is received through a service request ticket in accordance with the Account Access Management policy. The Technology Services group removes terminated user access to systems upon received termination notification via a service request ticket in accordance with the Account Access Management policy.</p> <p>Results: For two of nine terminated users tested, their access to the system was not disabled within one business day, as specified in the Account Access Management policy. Last logon inspection indicated the two users did not access their accounts after their term date.</p>	PDF 46/81	Minimal.

**State of Wisconsin**  
**Department of Employee Trust Funds**

Madison, Wisconsin

**Independent Accountant's Report on Applying Agreed-  
Upon Procedures for Third-Party Administration of the  
Employee Reimbursement Account Program**  
Years Ended December 31, 2018 and 2017

# State of Wisconsin Department of Employee Trust Funds

## Independent Accountant’s Report on Applying Agreed-Upon Procedures

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Independent Accountant's Report on Applying Agreed-Upon Procedures for  
Third-Party Administration of the Employee Reimbursement Account Program

Department of Employee Trust Funds  
State of Wisconsin  
Madison, Wisconsin

We have performed the procedures presented in the following report, which were agreed to by the State of Wisconsin Department of Employee Trust Funds (the specified party), on the Third-Party Administrator's (Total Administrative Services Corporation) compliance with the Contract for the Third-Party Administration for Employee Reimbursement Account Program for the years ended December 31, 2018 and 2017. Total Administrative Services Corporation's management is responsible for the Third-Party Administrator's compliance with the Contract for the Third-Party Administration for Employee Reimbursement Account Program. The sufficiency of these procedures is solely the responsibility of the State of Wisconsin Department of Employee Trust Funds. Consequently, we make no representation regarding the sufficiency of the procedures described in the following report, either for the purpose for which this report has been requested, or for any other purpose.

Our procedures and findings are described in the following report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Third-Party Administrator's compliance with the Contract for the Third-Party Administration for Employee Reimbursement Account Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Attestation standards established by the American Institute of Certified Public Accountants require that we request a written letter of representation from Total Administrative Services Corporation at the conclusion of the engagement. Such letter providing representation, among other things, of the responsible party's assertion about the subject matter, any known contradictions to the subject matter or assertion, communications from other parties, and acknowledgement of its responsibility for the subject matter, assertion, and that it has provided us with access to all relevant records and disclosure of any other relevant matters. We requested that Total Administrative Services Corporation provide such representations but Total Administrative Services Corporation refused to do so. Based on communications in our engagement letter and discussions during the engagement, we do not believe the refusal to provide requested representation bear on the results of our procedures.

This report is intended solely for the information and use of the State of Wisconsin Department of Employee Trust Funds and is not intended to be and should not be used by anyone other than this specified party.

*Wipfli LLP*

Wipfli LLP

January 10, 2020  
Madison, Wisconsin

## Section 1 – Objectives and Scope

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# Objectives and Scope

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This section of our report is based on the agreed-upon procedures as set forth in the contract dated April 15, 2019, our proposal dated November 28, 2018 and the Request for Proposal dated October 17, 2018. Certain other specific parameters, including sample sizes and error definitions, were discussed with Department of Employee Trust Funds (ETF) personnel in advance of performance.

## A. Overview

The Employee Reimbursement Account (ERA) program is an optional benefit established for eligible state employees. Also referred to as “Flex Spending Accounts,” or FSAs, the various FSA’s covered include:

- Health Care FSA (HCFSA)
- Limited Purpose FSA (LPFSA)
- Dependent Day Care FSA (DCFSA)
- Parking Reimbursement Account (not included in this AUP engagement)
- Transit Reimbursement Account (not included in this AUP engagement)

The ERA Program is authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes §40.85-§40.875. The ERA Program allows participants to pay for eligible expenses using their pretax income rather than after tax income. Most full-time or part-time classified and unclassified state and university employees are eligible to participate. Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin System, as well as limited term employees, student hourlies, per diems, and other temporary employees may not participate.

Employees of the State of Wisconsin determine how much they want to contribute to each of the accounts they want to utilize, and contributions are deducted from their paychecks, pretax, throughout the plan year. The IRS establishes ERA contribution dollar limits per plan per year which must be adhered to and monitored. In addition, depending on plan enrollment, fund balances in participant’s accounts may be forfeited as there are limits on what can be carried over from one plan year to another. The State of Wisconsin plans allow a 90-day run out period to submit reimbursement requests until March 31.

The State of Wisconsin has nine different payroll centers that provide participant information to Total Administrative Services Corporation (“TASC”) for all eligible and enrolled employees:

- Central
- Courts
- Legislature
- University of Wisconsin
- UW Hospitals and Clinics
- WEDC
- WHEDA
- WISCRAFT Beyond Vision
- FRNSA

# Objectives and Scope

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The ERA Program has been administered by TASC since the 2015 plan year (the plan years begin on January 1 of every year). TASC is responsible for the following:

- Technical assistance
- Plan administration
- Record keeping
- Account activity
- Customer services
- Processing of claims
- Plan year finalization reporting

ETF is primarily responsible for the following:

- Assisting TASC regarding communications to participating payroll center employers and employees
- Custodial duties for funds in the ERA Program
- Approval of marketing and promotional materials
- Operating decisions
- Securing and monitoring the contract with the third-party administrator

## B. Previous Examinations

The ERA Program was last tested for contract compliance for the period January 1, 2015, through December 31, 2016.

## C. Objectives

Our engagement was designed to assist ETF in determining TASC's compliance with specified terms of the Contract, adherence to established performance standards, maintenance of participant records and whether it is processing transactions timely, accurately, and in compliance with regulatory and contractual requirements, as established by ETF, who is responsible for the sufficiency of the procedures for their purposes. In addition, we were engaged to issue a written report that describes the procedures applied and the related findings.

## D. Scope

Our engagement extends to the application of the procedures enumerated in Section II of this report. We applied these procedures to the records and systems maintained by TASC, the Payroll Centers, and ETF. Our procedures were applied to the years ended December 31, 2017 and 2018.

## Section II – Employee Reimbursement Account Procedures and Results

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# Employee Reimbursement Account Procedures and Results

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## Enrollment Processing

### Objectives

Determine whether open enrollment and mid-year enrollments (new hires and qualifying life-event enrollments) are processed accurately, are consistent with deferral activity, and are supported by adequate documentation.

### Procedures

1. Wipfli haphazardly selected two dates from 2017 and two dates from 2018. Wipfli then obtained the contribution reports from all payroll centers for the pay dates nearest those dates:
  - a. The pay date nearest 2/15/17
  - b. The pay date nearest 11/10/17
  - c. The pay date nearest 8/1/18
  - d. The pay date nearest 12/15/18
2. The contribution files were combined to create a sampling population.
3. Selected a sample of 30 contribution events.
4. Obtained open enrollment census or mid-year enrollment documentation for all participants in the sample.
5. Verified the applicable FSA contribution corresponded with that Participant's election on their open enrollment census or mid-year enrollment documentation.
6. Verified that participants were eligible, per the applicable open enrollment census or mid-year enrollment documentation.

We received the payroll center contribution data files indicated above from TASC and randomly selected 30 of the 70,239 contribution events listed.

### Results

All contribution events tested were made by participants who elected to participate on qualifying supporting open enrollment census reports and/or mid-year enrollment documentation and were eligible to participate in the program.

# Employee Reimbursement Account Procedures and Results

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## Participant Deferrals

### Objectives

Determine whether deferrals elected by participants via contribution files from the payroll centers were processed accurately and timely to participant accounts.

### Procedures

1. Wipfli haphazardly selected two dates from 2017 and two dates from 2018. Wipfli then obtained the contribution reports for all payroll centers for the pay dates nearest those dates:
  - a. The pay date nearest 2/15/17
  - b. The pay date nearest 11/10/17
  - c. The pay date nearest 8/1/18
  - d. The pay date nearest 12/15/18
2. The contribution files were combined to create a sampling population.
3. Selected a sample of 30 contribution events.
4. Verified that all contributions posted timely and accurately to participants' accounts by reviewing participant account detail on the TASC online portal.

We received the payroll center contribution data files indicated above from TASC and randomly selected 30 of the 70,239 contribution events listed.

### Results

All participant deferrals that were tested were accurately and timely posted to participants' accounts.

# Employee Reimbursement Account Procedures and Results

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## Claims Processing

### Objectives

Determine whether approved claims were adequately supported (by Merchant Category Code (MCC), receipts, invoices, etc.) and in compliance with IRS regulations.

### Procedures

1. Obtained six claim funding invoices from TASC to ETF. These were judgmentally selected by date: 1/3/2017, 7/18/2017, 11/28/2017, 4/17/2018, 6/19/2018, 10/30/2018.
2. Selected a sample of 45 claims spanning various payroll centers and various FSA program-types. The sample included 35 randomly selected manually-submitted claims and 10 randomly selected TASC Card automatic transactions.
3. Obtained supporting documentation for all claims:
  - a. For manually submitted claims, provider receipt or invoice.
  - b. For automatically submitted TASC Card claims, supporting system documentation showing the MCC, vendor information, transaction amount, transaction date, cardholder name, and transaction description.
4. Determined if claims were adequately supported and in compliance with IRS regulations by reviewing claim support documentation.
5. Verified that all claims were posted accurately and timely to participants' accounts by reviewing participant account detail on the TASC online portal.

A total of 40,064 claims were reported on the six claim funding invoices, of which 45 were sampled.

### Results

All claims tested were posted accurately and timely to participant accounts. Forty-three of the forty-five claims tested had proper supporting documentation. Two of the claims did not have documentation that properly supports the amount paid. In those cases, the amount paid was greater than the amount shown on the supporting documentation.

# Employee Reimbursement Account Procedures and Results

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## Unsubstantiated Claims

### Objectives

Regulations and Plan provisions stipulate that claims submitted without adequate documentation are denied. In cases where the participant is requesting reimbursement, no reimbursement is to be made. In cases where the claim had already been paid (via TASC Card) the claims are to be reimbursed to the Plan. Under the Contract, TASC is required to contact participants up to three times to alert them that their claim was denied and request supporting information to resolve claims.

Determine, based on case notes and provided documentation, that denied claims were properly denied.

Determine that participants were properly contacted to alert them their claim had been denied and that additional support was needed.

Determine that denied claims that were never supported were transmitted to ETF to allow for collections (only for previously paid claims, such as TASC Card transactions).

### Procedures

1. Obtained the final listing of unsubstantiated TASC Card claims from the 2018 and 2017 plan years.
2. Obtained two account balance detail reports from judgmentally selected dates in 2017 and 2018 (4/15/2017 and 7/1/2018), which contained manual claims that were unsubstantiated at that time.
3. Randomly selected five claims from each of the four reports indicated in items 1 and 2 above (for a total sample of 20).
4. Obtained case notes and previously submitted claims and evaluated for proper denial.
5. For claims previously paid, Reviewed:
  - a. documentation of communications to the participant requesting further substantiation.
  - b. Evidence of repayment
  - c. Evidence of final communication of amounts not received.

A total of 448 unsubstantiated claims were listed on the 4 reports issued in items 1 and 2 above, and of those, 20 were sampled for testing.

### Results

For all denied claims selected, the denied status was supported by evidence and case notes discussing why the claim was denied or, based on provided documentation (if any). For ten TASC Card repayments, three notices were sent to each participant discussing the denial and requesting additional information. These ten claims then were transmitted to payroll centers for payroll deductions, and finally, ETF for collections.

# Employee Reimbursement Account Procedures and Results

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## Billing for Claims

### Objectives

Determine whether billing for claims appears accurate and is consistent with activity recorded in the TASC system. Claims billings are reported on the Claims Funding Invoices.

### Procedures

1. Obtained six Claims Funding Invoices from TASC to ETF. These were judgmentally selected by date: 1/3/2017, 7/18/2017, 11/28/2017, 4/17/2018, 6/19/2018, 10/30/2018. Invoices are on a weekly basis.
2. Received a copy of the invoice and the supporting list of claims.
3. Selected a sample of 45 claims to test to ensure that claims included on the billings were valid claims. See 'Claims Processing' section in this report for results of that test.

### Results

All invoices tested were adequately supported. Results from testing in the 'Claims Processing' section of this report indicate that invoices are based on valid claims.



# Employee Reimbursement Account Procedures and Results

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## Administrative Fee Invoices

### Objectives

Determine whether Administrative billings are accurate, adequately supported, and consistent with participant counts.

### Procedures

1. Obtained six Administrative Billing Invoices from TASC to ETF. Administrative Billings are invoiced monthly. Six invoices were judgmentally selected based on the month of service (February 2017, August 2017, December 2017, May 2018, July 2018, November 2018).
2. Received a copy of the invoice and the supporting list of participant accounts.
3. Performed analytical procedures comparing participant counts and invoice amounts among the selected invoices as well as the Employer Enrollment Report to identify values above or below 5% of the average.

### Results

All invoices tested were adequately supported and able to be recalculated based on the underlying supporting documentation of the participant account count. The fee rates used agreed to the Contract and amendments. Analytical procedures did not reveal any values outside of the 5% of average threshold for participant counts and invoice amount, except for the December 2016 invoice covering the February 2017 service period (billings occurred 45 days in advance). This invoice exceeded the threshold because it included counts related to the 2016 runout period, which was deemed to be appropriate.

# Employee Reimbursement Account Procedures and Results

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## Plan Finalization Report - 2017

### Objectives

Determine whether the Plan Finalization Report for 2017 is accurate based on actual participant activity and program requirements. Determine that carryover and forfeitures were calculated and administrated properly.

### Procedures

1. Obtained the 2017 Plan Finalization Report.
2. Randomly selected a sample of seventeen ERA accounts (which included Health Care FSA and Dependent Care FSA accounts).
3. Agreed the activity in the Report to participants' accounts by reviewing participant account detail on the TASC online portal.
4. Recalculated forfeitures and carry-overs, if any, for selected participants and agreed to the Plan Finalization Report.

We obtained the 2017 Plan finalization Report containing all participant accounts for the year and randomly selected seventeen of the 25,210 participant accounts listed.

### Results

For all participants selected, the Plan Finalization activity agreed with activity posted to participants' accounts on the TASC online portal.

Selected participants with carryovers were properly calculated and posted to participant accounts in 2018 for fifteen of the seventeen selected participants.

For two of the selected participants, carryovers were not posted until 2019.

## Section III – Comments and Recommendations

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# Comments and Recommendations

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1. As noted on page 12, our testing revealed an exception for two of seventeen participants selected from the plan finalization report. Given this rate, we recommend additional focus be directed toward this element of the Plan's administration. In particular, the administrator may develop additional checks or close out procedures to identify forfeited balances that should have been carried over to the immediately following year. Additionally, ETF may elect to apply testing procedures of its own in order to increase monitoring of this activity and to be able to alert the TPA of potential exceptions on a more timely basis than this compliance engagement affords.

**State of Wisconsin**  
**Department of Employee Trust Funds**  
Madison, Wisconsin  
**Report of Selected Controls, Policies and Procedures**  
**for the Employee Reimbursement Account Program**  
Years Ended December 31, 2018 and 2017



## Executive Summary

January 10, 2020

State of Wisconsin – Department of Employee Trust Funds  
Madison, Wisconsin

In accordance with our proposal dated November 28, 2018, in relation to the Request for Proposal dated October 17, 2018 and the contract dated April 15, 2019, and based on discussions with the State of Wisconsin Department of Employee Trust Funds (ETF) management, we have completed procedures to evaluate the effectiveness of certain controls of the administration of the Employee Reimbursement Account Program (ERA) by Total Administrative Services Corporation (TASC) on behalf of ETF. The objectives of this engagement were to perform reviews of certain internal controls related to the ERA. This engagement was not intended to be, and was not, considered an audit or fraud examination because of the restricted nature and limited scope of the procedures performed.

### Overview

To achieve the objectives of this engagement, we completed interviews and discussions with key staff at TASC and ETF and reviewed existing controls and process and risk documentation.

Results of our observations and recommendations relied on, and are dependent on, the completeness and accuracy of information provided by TASC and ETF without independent verification.

### Reporting Results of Procedures

A summary of the results of the control procedures is included in the Objectives, Procedures and Results section of this report.

Distribution of this report by the specified parties to other third parties does not constitute designation of those third parties as “users” or “specified parties” with respect to this report or the matters addressed herein, nor does it permit those third parties to use or rely on this report for any purpose.

This engagement was performed in accordance with the Statement on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants. This information is intended solely for the information and use of TASC and ETF in relation to the results of procedures performed pursuant to the engagement letter. It is not intended to be, and should not be, reproduced, published, or distributed to anyone other than these specified parties or for any other purpose without the prior written consent of Wipfli LLP (“Wipfli”).

We look forward to our continued association and appreciate the opportunity to be of service. Please do not hesitate to contact Wipfli if you have any questions or concerns regarding information contained in the accompanying report.

*Wipfli LLP*

WIPFLI LLP

# Review of Internal Controls, Policies, and Procedures

## Objectives, Procedures, Results

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### Review of Internal Controls:

#### Objectives

Obtain an understanding of the procedures and controls surrounding TASC's processes in the following specific areas:

- Client Set-Up
- Enrollment and Participant Data
- Client Funding
- Claims Processing
- Claims Disbursement

#### Procedures

1. Obtained and examined the most recent Independent Service Auditor's Reports on the Service Organization Controls Report ("SOC1") report on internal controls and effectiveness for TASC and relevant audit results. This included:
  - The Benefits Administration System for the Period November 1, 2016 through April 30, 2017, and
  - The eFlex Benefits Administration System for the Period January 1, 2018 through September 30, 2018.

See Appendix for full evaluation.

#### Results

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, appear to be in place, have been adequately reviewed, and may be relied upon, except for the exceptions listed in the Appendix.

# Appendix

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# Appendix – SOC1 Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	TASC
System or Function Covered:	Benefits Administration System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 1 Type 2
Period Covered in Report:	November 1, 2016 through April 30, 2017
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Caveat – covers part of 2017. Does not cover May 1, 2017 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	See noted exceptions below.
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	WEX Health
Are subservice organizations included or carved out?	N	Carved Out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

# Appendix – SOC1 Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	Client Setup, Enrollment and Participant Data, Client Funding, Claims Processing, Claims Disbursement, Logical Access, & Data Transmission
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	See PDF PG 6/27
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	Because TASC utilizes WEX's SaaS application, it is not feasible for the control objectives related to hosting, security, logical access and change management services be achieved solely by TASC. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with TASC's controls and the related tests and results described in Section 4 of the report.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	It is the responsibility of the client to ensure appropriate information was entered into the WEX System.	Yes
	It is the client's responsibility to inform TASC timely of enrollment errors identified or delays in processing.	Yes
	It is the client's responsibility to change applicable client information or inform TASC of required changes timely.	Yes
	It is the responsibility of the client to verify file transmissions to TASC are successful.	Yes

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls
1	<b>Control Objective A:</b> <i>Controls provide reasonable assurance that</i>	Control A1: A completed and signed plan service agreement is utilized for all new client setups.	PDF 21/30	Minimal.

# Appendix – SOC1 Reviews

	<p><i>accurate plan information is entered completely and accurately into the system.</i></p>	<p>Results: The population of new clients during the examination period could not be validated.</p> <p>Control A2: A secondary review is performed on the plan service agreement for all new client setups. Errors are resolved timely.</p> <p>Results: The population of new clients during the examination period could not be validated.</p> <p>For 2 of 4 samples tested, the secondary review was not completed timely. For 1 of 4 samples tested, the secondary review error identified was not remediated.</p> <p>Control A4: Plans acquired by TASC during the examination period are reviewed and approved during client setup.</p> <p>Results: The operating effectiveness of this control could not be tested as there were no acquisitions during the examination period.</p>		
2	<p><b>Control Objective B:</b> <i>Controls provide reasonable assurance that enrollment and participant information is received from authorized sources and entered completely and accurately into the system.</i></p>	<p>None noted.</p>	n/a	n/a
3	<p><b>Control Objective C:</b> <i>Controls provide reasonable assurance that client funding is authorized, recorded, and processed completely and accurately.</i></p>	<p>None noted.</p>	n/a	n/a
4	<p><b>Control Objective D:</b> <i>Controls provide reasonable assurance that claim information is recorded and processed completely, accurately and timely.</i></p>	<p>None noted.</p>	n/a	n/a
5	<p><b>Control Objective E:</b> <i>Controls provide reasonable assurance that participant disbursements are authorized, recorded, and processed completely, accurately and timely.</i></p>	<p>None noted.</p>	n/a	n/a

# Appendix – SOC1 Reviews

6	<b>Control Objective F:</b> <i>Controls provide reasonable assurance that logical access to applications, programs, and data is limited to authorized individuals.</i>	Control F2: Access to the WEX application is removed or disabled within 5 business days of termination.  Results: For 7 of 27 samples tested, access to the WEX application was not removed in a timely manner.	PDF 26/30	Minimal.
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If control objectives are qualified, how will we expand our due diligence activities to ensure the service organization's controls do not adversely impact our operations? Describe: N/A

## Other Information Provided by the Service Organization (optional)

Are any subsequent events noted in this section? Subsequent events are any operational changes identified by the Service Organization that would impact the Control Objectives identified in section 3 of the report. If any subsequent events are noted, how do these affect our operations?

There were no subsequent events noted in section 5. Section 5 includes management's responses to the exceptions noted.

- Control A1: Management agrees the control was being executed as desired for all new client set-ups. In addition, we agree a change from manual to automated tracking of the population for this control was needed and has subsequently been established.
- Control A2: Management agrees with the exceptions.

Management agrees the control was being executed as desired for all new client set-ups. In addition, we agree a change from manual to automated tracking of population for this control was needed and has subsequently been established.

New client-setup was not reported as intended to trigger the secondary review to be completed. As soon as this issue was identified, TASC performed the reviews for the new clients set-up and communicated the findings to the processors for review and correction, where applicable. To ensure secondary reviews are completed timely, TASC has created reporting that is used to identify new clients set-up in the new WEX application. A new procedure has also been created for the secondary review and the procedure has been communicated to the individuals responsible for completing these reviews.

The error that was noted from the secondary review has since been remediated. In further review, this finding was an observation of the individual reviewing the plan set-up. The contact information was not set to populate the data to the portal and the data was not visible to the client.

- Management agrees with the exceptions. Additional training and process changes are in place to prevent delays. Six of the seven exceptions identified in the examination were from an outsourced service provider not notifying TASC in a timely manner. The service provider was notified of the timeliness issues.

## Conclusion

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, except for the exceptions listed above, appear to be in place, have been adequately reviewed, and may be relied upon.

# Appendix – SOC1 Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	TASC
System or Function Covered:	eFlex Benefits Administration System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 1 Type 2 Report
Period Covered in Report:	January 1, 2018 through September 30, 2018
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Does not cover 2017 and October 1 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	See noted exceptions below.
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	WEX Health system eFlex
Are subservice organizations included or carved out?	Y	Carved out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

Question	Y/N	Comments
Does the report include management's assertion?	Y	

# Appendix – SOC1 Reviews

Does the description of the system include functions and operations relevant to us?	Y	Client Setup, Enrollment and Participant Data, Client Funding, Claims Processing, Claims Disbursement, & Logical Access
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	See PDF PG 8/27
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	Because TASC utilizes WEX's SaaS application, it is not feasible for the control objectives related to hosting, security, logical access and change management services be achieved solely by TASC. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with TASC's controls and the related tests and results described in Section 4 of the report.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	It is the responsibility of the client to ensure appropriate information was entered into the WEX system.	Yes
	It is the client's responsibility to inform TASC timely of enrollment errors identified or delays in processing.	Yes
	It is the client's responsibility to change applicable client information or inform TASC of required changes timely.	Yes
	It is the responsibility of the client to verify file transmissions to TASC are successful.	Yes

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls
1	<b>Client Setup Control Objective A: Controls provide reasonable assurance that accurate plan information is entered completely and</b>	Control A2: A secondary review is performed on the plan service agreement for all new client setups. Errors are resolved timely.  Result: <b>For one of four new clients tested, a secondary review was not performed timely.</b>	PDF 21/27	A2: Minimal.

# Appendix – SOC1 Reviews

	<i>accurately into the system.</i>	Control A4: Plans acquired by TASC during the examination period are reviewed and approved during client setup.  Result: <b>The operating effectiveness of this control could not be tested because circumstances that warrant the operation of the control did not occur during the period.</b>		A4: Minimal. No activity occurred.
2	<b>Enrollment and Participant Data</b>  <i>Control Objective B: Controls provide reasonable assurance that enrollment and participant information is received from authorized sources and entered completely and accurately into the system.</i>	None noted.	n/a	n/a
3	<b>Client Funding</b>  <i>Control Objective C: Controls provide reasonable assurance that client funding is authorized, recorded, and processed completely and accurately.</i>	None noted.	n/a	n/a
4	<b>Claims Processing</b> <i>Control Objective D: Controls provide reasonable assurance that claim information is recorded and processed completely, accurately and timely.</i>	None noted.	n/a	n/a
5	<b>Claims Disbursement</b>  <i>Control Objective E: Controls provide reasonable assurance that participant disbursements are authorized, recorded, and processed completely, accurately and timely.</i>	None noted.	n/a	n/a
6	<b>Logical Access</b>	Control F1: Access for new users or modifications to existing users access is	PDF PG 26/27	Minimal.

# Appendix – SOC1 Reviews

	<p><b>Control Objective F:</b>  <b>Controls provide reasonable assurance that logical access to applications, programs, and data is limited to authorized individuals.</b></p>	<p>requested and approved in accordance with established policies and procedures.</p> <p>Results: <b>For two of 25 users tested, access was not approved in accordance with the established policies and procedures.</b></p> <p>Control F2: Access to the WEX application is removed or disabled within 5 business days of termination.</p> <p>Results: <b>For one of the 12 terminations tested, removal of access to the WEX application was not performed in a timely manner.</b></p>		
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If control objectives are qualified, how will we expand our due diligence activities to ensure the service organization's controls do not adversely impact our operations? Describe: N/A

## Other Information Provided by the Service Organization (optional)

Are any subsequent events noted in this section? Subsequent events are any operational changes identified by the Service Organization that would impact the Control Objectives identified in section 3 of the report. If any subsequent events are noted, how do these affect our operations?

There were no subsequent events noted in section 5; rather section 5 includes managements response to the exceptions noted below:

- Control A2: Management agrees with the exceptions. The two samples identified had appropriate access and the WEX access was granted by a supervisor. Management will perform supervisor training to highlight and reeducate the granting or changing of WEX access to be submitted through the BTS's help ticket process per the policies and procedures.
- Control F1: Management agrees with the exception. Management will reinforce the policy of removing the access for terminated employees within five business days through department training.
- Control F2: Management agrees with the exception. For the one application identified, there were no errors to be resolved based on the secondary review. TASC internally identified the issue and resolved it in March 2018 through training and education.
- **Wipfli notes the management responses indicated on page 25 of the report do not relate to the appropriate control: The response for A2 relates to control F1, the response for F1 relates to F2, and the response for F2 relates to A2. Wipfli recommends TASC correct this error.**

## Conclusion

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, except for the exceptions listed above, appear to be in place, have been adequately reviewed, and may be relied upon.



**State of Wisconsin**  
**Department of Employee Trust Funds**

Madison, Wisconsin

**Independent Accountant's Report on Applying Agreed-  
Upon Procedures for Third-Party Administration of the  
Commuter Benefits Accounts Program**

Years Ended December 31, 2018 and 2017

# State of Wisconsin Department of Employee Trust Funds

## Independent Accountant’s Report on Applying Agreed-Upon Procedures

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Independent Accountant's Report on Applying Agreed-Upon Procedures for  
Third-Party Administration of the Commuter Benefits Accounts Program

Department of Employee Trust Funds  
State of Wisconsin  
Madison, Wisconsin

We have performed the procedures presented in the following report, which were agreed to by the State of Wisconsin Department of Employee Trust Funds (the specified party), on the Third-Party Administrator's (Total Administrative Services Corporation) compliance with the Contract for the Third-Party Administration for Commuter Benefits Accounts Program for the years ended December 31, 2018 and 2017. Total Administrative Services Corporation's management is responsible for the Third-Party Administrator's compliance with the Contract for the Third-Party Administration for Commuter Benefits Accounts Program. The sufficiency of these procedures is solely the responsibility of the State of Wisconsin Department of Employee Trust Funds. Consequently, we make no representation regarding the sufficiency of the procedures described in the following report, either for the purpose for which this report has been requested, or for any other purpose.

Our procedures and findings are described in the following report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Third-Party Administrator's compliance with the Contract for the Third-Party Administration for Commuter Benefits Accounts Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Attestation standards established by the American Institute of Certified Public Accountants require that we request a written letter of representation from Total Administrative Services Corporation at the conclusion of the engagement. Such letter providing representation, among other things, of the responsible party's assertion about the subject matter, any known contradictions to the subject matter or assertion, communications from other parties, and acknowledgement of its responsibility for the subject matter, assertion, and that it has provided us with access to all relevant records and disclosure of any other relevant matters. We requested that Total Administrative Services Corporation provide such representations but Total Administrative Services Corporation refused to do so. Based on communications in our engagement letter and discussions during the engagement, we do not believe the refusal to provide requested representation bear on the results of our procedures.

This report is intended solely for the information and use of the State of Wisconsin Department of Employee Trust Funds and is not intended to be and should not be used by anyone other than this specified party.

*Wipfli LLP*

Wipfli LLP

January 10, 2020  
Madison, Wisconsin

## Section 1 – Objectives and Scope

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# Objectives and Scope

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This section of our report is based on the agreed-upon procedures as set forth in the contract dated April 15, 2019, our proposal dated November 28, 2018 and the Request for Proposal dated October 17, 2018. Certain other specific parameters, including sample sizes and error definitions, were discussed with Department of Employee Trust Funds (ETF) personnel in advance of performance.

## A. Overview

The Commuter Benefits Accounts (CBA) is established under the Employee Reimbursement Account (ERA) program. The ERA program is an optional benefit established for eligible state employees. Also referred to as “Flex Spending Accounts,” or FSAs, the various FSA’s covered include:

- Parking Reimbursement Account
- Transit Reimbursement Account
- Health Care FSA (HCFSA) (not included in this AUP engagement)
- Limited Purpose FSA (LPFSA) not included in this AUP engagement)
- Dependent Day Care FSA (DCFSA) (not included in this AUP engagement)

The ERA Program is authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes §40.85-§40.875. The ERA Program allows participants to pay for eligible expenses using their pretax income rather than after tax income. Most full-time or part-time classified and unclassified state and university employees are eligible to participate. Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin System, as well as limited term employees, student hourlies, per diems, and other temporary employees may not participate.

Employees of the State of Wisconsin determine how much they want to contribute to each of the accounts they want to utilize, and contributions are deducted from their paychecks, pretax, throughout the plan year. The IRS establishes ERA contribution dollar limits per plan per year which must be adhered to and monitored. In addition, depending on plan enrollment, fund balances in participant’s accounts may be forfeited as there are limits on what can be carried over from one plan year to another. The State of Wisconsin plans allow a 90-day run out period to submit reimbursement requests until March 31.

The State of Wisconsin has nine different payroll centers that provide participant information to Total Administrative Services Corporation (“TASC”) for all eligible and enrolled employees:

- Central
- Courts
- Legislature
- University of Wisconsin
- UW Hospitals and Clinics
- WEDC
- WHEDA
- WISCRAFT Beyond Vision
- FRNSA

# Objectives and Scope

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The CBA Program has been administered by TASC since the 2015 plan year (the plan years begin on January 1 of every year). TASC is responsible for the following:

- Technical assistance
- Plan administration
- Record keeping
- Account activity
- Customer services
- Processing of claims
- Plan year finalization reporting

ETF is primarily responsible for the following:

- Assisting TASC regarding communications to participating payroll center employers and employees
- Custodial duties for funds in the CBA Program
- Approval of marketing and promotional materials
- Operating decisions
- Securing and monitoring the contract with the third-party administrator

## B. Previous Examinations

The CBA Program was last tested for contract compliance for the period January 1, 2015, through December 31, 2016.

## C. Objectives

Our engagement was designed to assist ETF in determining TASC's compliance with specified terms of the Contract, adherence to established performance standards, maintenance of participant records and whether it is processing transactions timely, accurately, and in compliance with regulatory and contractual requirements, as established by ETF, who is responsible for the sufficiency of the procedures for their purposes. In addition, we were engaged to issue a written report that describes the procedures applied and the related findings.

## D. Scope

Our engagement extends to the application of the procedures enumerated in Section II of this report. We applied these procedures to the records and systems maintained by TASC, the Payroll Centers, and ETF. Our procedures were applied to the years ended December 31, 2017 and 2018.

## Section II – Commuter Benefit Accounts Procedures and Results

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# Commuter Benefit Accounts Procedures and Results

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## Enrollment Processing

### Objectives

Determine whether open enrollment and mid-year enrollments (new hires and qualifying life-event enrollments) are processed accurately, are consistent with deferral activity, and are supported by adequate documentation.

### Procedures

1. Wipfli haphazardly selected two dates from 2017 and two dates from 2018. Wipfli then obtained the contribution reports from all payroll centers for the pay dates nearest those dates:
  - a. The pay date nearest 2/15/17
  - b. The pay date nearest 11/10/17
  - c. The pay date nearest 8/1/18
  - d. The pay date nearest 12/15/18
2. The contribution files were combined to create a sampling population.
3. Selected a random sample of 30 contribution events.
4. Obtained open enrollment census or mid-year enrollment documentation for all participants in the sample.
5. Verified the applicable CBA contribution corresponded with that Participant's election on their open enrollment census or mid-year enrollment documentation.
6. Verified that participants were eligible, per the applicable open enrollment census or mid-year enrollment documentation.

We received the payroll center contribution data files indicated above from TASC and randomly selected 30 CBA contribution transactions of the 70,239 total ERA contribution transactions.

### Results

All contribution events tested were made by participants who elected to participate on qualifying supporting open enrollment census reports and/or mid-year enrollment documentation and were eligible to participate in the program.



# Commuter Benefit Accounts Procedures and Results

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## Participant Deferrals

### Objectives

Determine whether deferrals elected by participants via contribution files from the payroll centers were processed accurately and timely to participant accounts.

### Procedures

1. Wipfli haphazardly selected two dates from 2017 and two dates from 2018. Wipfli then obtained the contribution reports for all payroll centers for the pay dates nearest those dates:
  - a. The pay date nearest 2/15/17
  - b. The pay date nearest 11/10/17
  - c. The pay date nearest 8/1/18
  - d. The pay date nearest 12/15/18
2. The contribution files were combined to create a sampling population.
3. Selected a random sample of 30 contribution events.
4. Verified that all contributions posted timely and accurately to participants' accounts by reviewing participant account detail on the TASC online portal.

We received the payroll center contribution data files indicated above from TASC and randomly selected 30 CBA contribution transactions of the 70,239 total ERA contribution transactions.

### Results

All participant deferrals that were tested were accurately and timely posted to participants' accounts.

# Commuter Benefit Accounts Procedures and Results

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## Claims Processing

### Objectives

Determine whether approved claims were adequately supported (by Merchant Category Code (MCC), receipts, invoices, etc.) and in compliance with IRS regulations.

### Procedures

1. Obtained six claim funding invoices from TASC to ETF. These were judgmentally selected by date: 1/3/2017, 7/18/2017, 11/28/2017, 4/17/2018, 6/19/2018, 10/30/2018.
2. Selected a sample of 30 claims spanning various payroll centers and both Parking and Transit CBA transactions. The sample included 20 randomly selected manually-submitted claims and 10 randomly selected TASC Card automatic transactions.
3. Obtained supporting documentation for all claims:
  - a. For manually submitted claims, provider receipt or invoice or other required information.
  - b. For automatically submitted TASC Card claims, supporting system documentation showing the MCC, vendor information, transaction amount, transaction date, cardholder name, and transaction description.
4. Determined if claims were adequately supported and in compliance with IRS regulations by reviewing claim support documentation.
5. Verified that all claims were posted accurately (in the correct amount) and timely (within two business days of complete support) to participants' accounts by reviewing participant account detail on the TASC online portal.

A total of 4,095 participants had Parking or Transit claims reported on the six claim funding invoices, of which 30 were sampled.

### Results

All claims tested were posted accurately and timely to participant accounts. All claims tested had proper supporting documentation.

# Commuter Benefit Accounts Procedures and Results

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## Billing for Claims

### Objectives

Determine whether billing for claims appears accurate and is consistent with activity recorded in the TASC system. Claims billings are reported on the Claims Funding Invoices.

### Procedures

1. Obtained six Claims Funding Invoices from TASC to ETF. These were judgmentally selected by date: 1/3/2017, 7/18/2017, 11/28/2017, 4/17/2018, 6/19/2018, 10/30/2018. Invoices are on a weekly basis.
2. Received a copy of the invoice and the supporting list of claims.
3. Selected a random sample of 30 claims to test to ensure that claims included on the billings were valid claims. See 'Claims Processing' section in this report for results of that test.
4. Performed analytical procedures comparing average amount per claim among the selected invoices.

### Results

All invoices tested were adequately supported. Results from testing in the 'Claims Processing' section of this report indicate that invoices are based on valid claims.

# Commuter Benefit Accounts Procedures and Results

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## Administrative Fee Invoices

### Objectives

Determine whether Administrative billings are accurate, adequately supported, and consistent with participant counts.

### Procedures

1. Obtained six Administrative Billing Invoices from TASC to ETF. Administrative Billings are invoiced monthly. Six invoices were judgmentally selected based on the month of service (February 2017, August 2017, December 2017, May 2018, July 2018, November 2018).
2. Received a copy of the invoice and the supporting list of participant accounts.
3. Performed analytical procedures comparing participant counts and invoice amounts among the selected invoices as well as the Employer Enrollment Report to identify values above or below 5% of the average.

### Results

All invoices tested were adequately supported and able to be recalculated based on the underlying supporting documentation of the participant account count. The fee rates used agreed to the Contract and amendments. Analytical procedures did not reveal any values outside of the 5% of average threshold for participant counts and invoice amount, except for the December 2016 invoice covering the February 2017 service period (billings occurred 45 days in advance). This invoice exceeded the threshold because it included counts related to the 2016 runout period, which was deemed to be appropriate.

# Commuter Benefit Accounts Procedures and Results

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## Plan Finalization Report - 2017

### Objectives

Determine whether the Plan Finalization Report for 2017 is accurate based on actual participant activity and program requirements. Determine that carryover and forfeitures were calculated and administrated properly.

### Procedures

1. Obtained the 2017 Plan Finalization Report.
2. Selected a random sample of seventeen CBA accounts.
3. Agreed the activity in the Report to participants' accounts by reviewing participant account detail on the TASC online portal.
4. Recalculated forfeitures and carry-overs, if any, for selected participants and agreed to the Plan Finalization Report.

We obtained the 2017 Plan finalization Report containing all participant accounts for the year and randomly selected sixteen (CBA only) of the 25,210 (All ERA accounts) participant accounts listed.

### Results

For all participants selected, the Plan Finalization activity agreed with activity posted to participants' accounts on the TASC online portal.

Selected participants with carryovers were properly calculated and posted to participant accounts in 2018 for all selected participants.

## Section III – Comments and Recommendations

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# Comments and Recommendations

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1. During our testing of contributions, one of the randomly sampled transactions was a negative amount of (\$-1,092). We inquired of TASC as to the nature of this transaction and they indicated transactions are processed according to data received from the payroll centers. We recommend the Department work with the administrator to develop a policy for screening and reviewing transactions that do not meet the criteria of 'usual' based on established criteria which could indicate directional or magnitude thresholds.

**State of Wisconsin**  
**Department of Employee Trust Funds**  
Madison, Wisconsin  
**Report on Selected Internal Controls for the Commuter  
Benefits Accounts Program**  
Years Ended December 31, 2018 and 2017





## Executive Summary

January 10, 2020

State of Wisconsin – Department of Employee Trust Funds  
Madison, Wisconsin

In accordance with our proposal dated November 28, 2018, in relation to the Request for Proposal dated October 17, 2018 and the contract dated April 15, 2019, and based on discussions with the State of Wisconsin Department of Employee Trust Funds (ETF) management, we have completed procedures to evaluate the effectiveness of certain controls of the administration of the Commuter Benefits Program (CBP) by Total Administrative Services Corporation (TASC) on behalf of ETF. The objectives of this engagement were to perform reviews of certain internal controls related to the CBP. This engagement was not intended to be, and was not, considered an audit or fraud examination because of the restricted nature and limited scope of the procedures performed.

### Overview

To achieve the objectives of this engagement, we completed interviews and discussions with key staff at TASC and ETF and reviewed existing controls and process and risk documentation.

Results of our observations and recommendations relied on, and are dependent on, the completeness and accuracy of information provided by TASC and ETF without independent verification.

### Reporting Results of Procedures

A summary of the results of the control procedures is included in the Objectives, Procedures and Results section of this report.

Distribution of this report by the specified parties to other third parties does not constitute designation of those third parties as “users” or “specified parties” with respect to this report or the matters addressed herein, nor does it permit those third parties to use or rely on this report for any purpose.

This engagement was performed in accordance with the Statement on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants. This information is intended solely for the information and use of TASC and ETF in relation to the results of procedures performed pursuant to the engagement letter. It is not intended to be, and should not be, reproduced, published, or distributed to anyone other than these specified parties or for any other purpose without the prior written consent of Wipfli LLP (“Wipfli”).

We look forward to our continued association and appreciate the opportunity to be of service. Please do not hesitate to contact Wipfli if you have any questions or concerns regarding information contained in the accompanying report.

*Wipfli LLP*

WIPFLI LLP

# Review of Internal Controls, Policies, and Procedures

## Objectives, Procedures, Results

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### Review of Internal Controls:

#### Objectives

Obtain an understanding of the procedures and controls surrounding TASC's processes in the following specific areas:

- Client Set-Up
- Enrollment and Participant Data
- Client Funding
- Claims Processing
- Claims Disbursement

#### Procedures

1. Obtained and examined the most recent Independent Service Auditor's Reports on the Service Organization Controls Report ("SOC1") report on internal controls and effectiveness for TASC and relevant audit results. This included:
  - The Benefits Administration System for the Period November 1, 2016 through April 30, 2017, and
  - The eFlex Benefits Administration System for the Period January 1, 2018 through September 30, 2018.

See Appendix for full evaluation.

#### Results

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, appear to be in place, have been adequately reviewed, and may be relied upon, except for the exceptions listed in the Appendix.

# Appendix

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# Appendix – SOC1 Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	TASC
System or Function Covered:	eFlex Benefits Administration System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 1 Type 2 Report
Period Covered in Report:	January 1, 2018 through September 30, 2018
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Does not cover 2017 and October 1 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	See noted exceptions below.
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	WEX Health system eFlex
Are subservice organizations included or carved out?	Y	Carved out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.

# Appendix – SOC1 Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	Client Setup, Enrollment and Participant Data, Client Funding, Claims Processing, Claims Disbursement, & Logical Access
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	See PDF PG 8/27
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	Because TASC utilizes WEX's SaaS application, it is not feasible for the control objectives related to hosting, security, logical access and change management services be achieved solely by TASC. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with TASC's controls and the related tests and results described in Section 4 of the report.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	It is the responsibility of the client to ensure appropriate information was entered into the WEX system.	Yes
	It is the client's responsibility to inform TASC timely of enrollment errors identified or delays in processing.	Yes
	It is the client's responsibility to change applicable client information or inform TASC of required changes timely.	Yes
	It is the responsibility of the client to verify file transmissions to TASC are successful.	Yes

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls
1	<b>Client Setup Control Objective A: Controls provide</b>	Control A2: A secondary review is performed on the plan service agreement for all new client setups. Errors are resolved timely.	PDF 21/27	A2: Minimal.

# Appendix – SOC1 Reviews

	<p><b>reasonable assurance that accurate plan information is entered completely and accurately into the system.</b></p>	<p>Result: <b>For one of four new clients tested, a secondary review was not performed timely.</b></p> <p>Control A4: Plans acquired by TASC during the examination period are reviewed and approved during client setup.</p> <p>Result: <b>The operating effectiveness of this control could not be tested because circumstances that warrant the operation of the control did not occur during the period.</b></p>		<p>A4: Minimal. No activity occurred.</p>
2	<p><b>Enrollment and Participant Data</b></p> <p><b>Control Objective B: Controls provide reasonable assurance that enrollment and participant information is received from authorized sources and entered completely and accurately into the system.</b></p>	<p>None noted.</p>	n/a	n/a
3	<p><b>Client Funding</b></p> <p><b>Control Objective C: Controls provide reasonable assurance that client funding is authorized, recorded, and processed completely and accurately.</b></p>	<p>None noted.</p>	n/a	n/a
4	<p><b>Claims Processing</b></p> <p><b>Control Objective D: Controls provide reasonable assurance that claim information is recorded and processed completely, accurately and timely.</b></p>	<p>None noted.</p>	n/a	n/a
5	<p><b>Claims Disbursement</b></p> <p><b>Control Objective E: Controls provide reasonable assurance that participant disbursements are authorized, recorded, and processed completely, accurately</b></p>	<p>None noted.</p>	n/a	n/a

# Appendix – SOC1 Reviews

	<i>and timely.</i>			
6	<p><b>Logical Access</b></p> <p><b>Control Objective F: Controls provide reasonable assurance that logical access to applications, programs, and data is limited to authorized individuals.</b></p>	<p>Control F1: Access for new users or modifications to existing users access is requested and approved in accordance with established policies and procedures.</p> <p>Results: <b>For two of 25 users tested, access was not approved in accordance with the established policies and procedures.</b></p> <p>Control F2: Access to the WEX application is removed or disabled within 5 business days of termination.</p> <p>Results: <b>For one of the 12 terminations tested, removal of access to the WEX application was not performed in a timely manner.</b></p>	PDF PG 26/27	Minimal.

If control objectives are qualified, how will we expand our due diligence activities to ensure the service organization's controls do not adversely impact our operations? Describe: N/A

## Other Information Provided by the Service Organization (optional)

Are any subsequent events noted in this section? Subsequent events are any operational changes identified by the Service Organization that would impact the Control Objectives identified in section 3 of the report. If any subsequent events are noted, how do these affect our operations?

There were no subsequent events noted in section 5; rather section 5 includes managements response to the exceptions noted below:

- Control A2: Management agrees with the exceptions. The two samples identified had appropriate access and the WEX access was granted by a supervisor. Management will perform supervisor training to highlight and reeducate the granting or changing of WEX access to be submitted through the BTS's help ticket process per the policies and procedures.
- Control F1: Management agrees with the exception. Management will reinforce the policy of removing the access for terminated employees within five business days through department training.
- Control F2: Management agrees with the exception. For the one application identified, there were no errors to be resolved based on the secondary review. TASC internally identified the issue and resolved it in March 2018 through training and education.
- **Wipfli notes the management responses indicated on page 25 of the report do not relate to the appropriate control: The response for A2 relates to control F1, the response for F1 relates to F2, and the response for F2 relates to A2. Wipfli recommends TASC correct this error.**

## Conclusion

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, except for the exceptions listed above, appear to be in place, have been adequately reviewed, and may be relied upon. Please review the identified exceptions and determine whether further evaluation of management's responses is required:

# Appendix – SOC1 Reviews

Documentation of reliance on SOC examination report

Name of Service Organization:	TASC
System or Function Covered:	Benefits Administration System
Type of Report (SOC 1, 2, or 3 and Type 1 or 2):	SOC 1 Type 2
Period Covered in Report:	November 1, 2016 through April 30, 2017
Service Auditor (Audit Firm):	Baker Tilly

## Independent Service Auditor's Report

The first or second section of the SOC report should contain the Independent Service Auditor's Report. The Report contains the "system" covered by the report, the audit period, a statement how subservice organizations are addressed (carve-out or inclusive method), and opinion. The possible opinions include: unqualified or "clean" (no significant deficiencies), qualified (significant deficiencies noted on one or more areas), or disclaimed (unable to express an opinion in one or more areas). Based on the review of the Independent Service Auditor's Report:

Question	Y/N	Comments
Is the audit period deemed appropriate? (period end within last six months)	Y	Caveat – covers part of 2017. Does not cover May 1, 2017 through December 31, 2018.
Did the auditor give a clean opinion?	Y	
Were there any qualifications or disclaimers? Are they significant to our operations?	N	See noted exceptions below.
Do deficiencies require follow-up?	N	
Are there subservice organizations identified?	Y	WEX Health
Are subservice organizations included or carved out?	N	Carved Out

## Information Provided by the Service Organization

The first or second section of the SOC report should contain Management's Assertion to confirm that the description of the system (typically included in section 3 of the report) presents how the system was designed and implemented during the reporting period, and that the control objectives listed in the description were suitably designed and operated effectively. While the term "system" has many different definitions, a common and useful definition is the controls, procedures, people, software, data, and infrastructure organized to achieve a specific objective. The description of the system should also include a list of complementary user controls (also referred to as user control considerations). If there is a subservice organization included or carved out of the report, there should also be a list of subservice organization control considerations.



# Appendix – SOC1 Reviews

Question	Y/N	Comments
Does the report include management's assertion?	Y	
Does the description of the system include functions and operations relevant to us?	Y	Client Setup, Enrollment and Participant Data, Client Funding, Claims Processing, Claims Disbursement, Logical Access, & Data Transmission
Is the description of the system complete?	Y	
Are subservice organizations and their responsibilities described and subservice control considerations identified?	Y	See PDF PG 6/27
Do the subservice organization controls affect our operations? If so, should we request a SOC report from them?	Y	Because TASC utilizes WEX's SaaS application, it is not feasible for the control objectives related to hosting, security, logical access and change management services be achieved solely by TASC. Therefore, each user entity's internal control over financial reporting must be evaluated in conjunction with TASC's controls and the related tests and results described in Section 4 of the report.
Does the report include user control considerations? See below.	Y	

## User Control Considerations:

User control considerations are a key part of a SOC report. This section outlines the responsibility of the user of the report (the client). Review the Considerations carefully and determine if the considerations are applicable to our operations. If so, how are we addressing those considerations? Note key controls below or attach list.

#	Control Description	Relevant to the User Environment? (Y/N)
	It is the responsibility of the client to ensure appropriate information was entered into the WEX System.	Yes
	It is the client's responsibility to inform TASC timely of enrollment errors identified or delays in processing.	Yes
	It is the client's responsibility to change applicable client information or inform TASC of required changes timely.	Yes
	It is the responsibility of the client to verify file transmissions to TASC are successful.	Yes

## Information Provided by the Service Auditor

Section 4 identifies the control objectives included in the examination, the tests performed by the service auditor, and the results of tests. Control objectives represent the scope of the examination and any significant deficiencies noted could affect the opinion in the Service Auditor's Report (Section 1 or 2).

Identify control objectives in the report:

#	Control Objective	Exceptions	Page	Effects of Exceptions on Controls

# Appendix – SOC1 Reviews

1	<p><b>Control Objective A:</b>  <i>Controls provide reasonable assurance that accurate plan information is entered completely and accurately into the system.</i></p>	<p>Control A1: A completed and signed plan service agreement is utilized for all new client setups.</p> <p>Results: The population of new clients during the examination period could not be validated.</p> <p>Control A2: A secondary review is performed on the plan service agreement for all new client setups. Errors are resolved timely.</p> <p>Results: The population of new clients during the examination period could not be validated.</p> <p>For 2 of 4 samples tested, the secondary review was not completed timely. For 1 of 4 samples tested, the secondary review error identified was not remediated.</p> <p>Control A4: Plans acquired by TASC during the examination period are reviewed and approved during client setup.</p> <p>Results: The operating effectiveness of this control could not be tested as there were no acquisitions during the examination period.</p>	PDF 21/30	Minimal.
2	<p><b>Control Objective B:</b>  <i>Controls provide reasonable assurance that enrollment and participant information is received from authorized sources and entered completely and accurately into the system.</i></p>	None noted.	n/a	n/a
3	<p><b>Control Objective C:</b>  <i>Controls provide reasonable assurance that client funding is authorized, recorded, and processed completely and accurately.</i></p>	None noted.	n/a	n/a
4	<p><b>Control Objective D:</b>  <i>Controls provide reasonable assurance that claim information is recorded and processed completely, accurately and timely.</i></p>	None noted.	n/a	n/a
5	<p><b>Control Objective E:</b>  <i>Controls provide reasonable assurance that participant disbursements are authorized, recorded,</i></p>	None noted.	n/a	n/a

# Appendix – SOC1 Reviews

	<i>and processed completely, accurately and timely.</i>			
6	<b>Control Objective F:</b> <i>Controls provide reasonable assurance that logical access to applications, programs, and data is limited to authorized individuals.</i>	Control F2: Access to the WEX application is removed or disabled within 5 business days of termination.  Results: For 7 of 27 samples tested, access to the WEX application was not removed in a timely manner.	PDF 26/30	Minimal.

If control objectives are qualified, how will we expand our due diligence activities do ensure the service organization's controls do not adversely impact our operations? Describe: N/A

## Other Information Provided by the Service Organization (optional)

Are any subsequent events noted in this section? Subsequent events are any operational changes identified by the Service Organization that would impact the Control Objectives identified in section 3 of the report. If any subsequent events are noted, how do these affect our operations?

There were no subsequent events noted in section 5. Section 5 includes management's responses to the exceptions noted.

- Control A1: Management agrees the control was being executed as desired for all new client set-ups. In addition, we agree a change from manual to automated tracking of the population for this control was needed and has subsequently been established.
- Control A2: Management agrees with the exceptions.

Management agrees the control was being executed as desired for all new client set-ups. In addition, we agree a change from manual to automated tracking of population for this control was needed and has subsequently been established.

New client-setup was not reported as intended to trigger the secondary review to be completed. As soon as this issue was identified, TASC performed the reviews for the new clients set-up and communicated the findings to the processors for review and correction, where applicable. To ensure secondary reviews are completed timely, TASC has created reporting that is used to identify new clients set-up in the new WEX application. A new procedure has also been created for the secondary review and the procedure has been communicated to the individuals responsible for completing these reviews.

The error that was noted from the secondary review has since been remediated. In further review, this finding was an observation of the individual reviewing the plan set-up. The contact information was not set to populate the data to the portal and the data was not visible to the client.

- Management agrees with the exceptions. Additional training and process changes are in place to prevent delays. Six of the seven exceptions identified in the examination were from an outsourced service provider not notifying TASC in a timely manner. The service provider was notified of the timeliness issues.

## Conclusion

Based on the above evaluation of the internal controls and procedures surrounding the activities at the Service Organization, controls, except for the exceptions listed above, appear to be in place, have been adequately reviewed, and may be relied upon. Please review the identified exceptions and determine whether further evaluation of management's responses is required.