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Correspondence Memorandum

Date: May 29, 2020
To: Audit Committee
From: Michelle Hoehne
Office of Internal Audit (OIA)
Subject: Wisconsin Deferred Compensation (WDC) Audits

This memo is for Audit Committee review and discussion. No action is required.

The Deferred Compensation (DC) Board contracted with Wipfli, LLP to conduct a biennial contract compliance audit and an annual financial statement audit. Wipfli has completed both audits for the year ended December 31, 2019. The audit results will be reported to and approved by the DC Board on June 11, 2020.

Wipfli's contract compliance audit, completed as an agreed upon procedure engagement, of the WDC Third-Party Administrator, Empower Retirement, found overall compliance with all significant elements of the Administrative Agreement. However, the testing identified an exception in the area of equity wash transfers and exceptions with unsupported data reported in the Annual Plan Report. Wipfli made recommendations in both of these areas, which ETF management concurred with. Additionally, as part of the contracted review, Wipfli completed a summary of Empower Retirement's Service Organization Controls (SOC) Report and identified three additional recommendations for ETF management. ETF concurred with these recommendations and will discuss recommendation implementation with Empower Retirement.

Wipfli completed their audit of the WDC's financial statements for the year ended December 31, 2019, and issued an unqualified or "clean" opinion indicating the financial statements are free from material misstatement.

The results of the audits and the summary memos, including ETF management responses, provided to the DC Board, are attached. Shelly Schueller, WDC Program Director, will be available at the Audit Committee meeting to discuss the results of the contract compliance audit and SOC review and answer any questions on these reports or the results of the financial statement audit.

Reviewed and approved by Yikchau Sze, OIA Director

Electronically Signed 6/5/20

Board	Mtg Date	Item #
AUD	6.17.20	5

Attachment I: Contract Compliance Audit Results of the WDC Program for the Year Ended December 31, 2019; includes:

- Memo to DC Board
- Attachment A - WDC Program Contract Compliance (Agreed Upon Procedures) Audit
- Attachment B - WDC Service Organization Control Review

Attachment II: Financial Statement Report and Audit Results of the WDC Program for the Year Ended December 31, 2019; includes:

- Memo to DC Board
- 2019 WDC Financial Statements Including Independent Auditor's Report