



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE / MEMORANDUM

Confidential until contract awarded

DATE: September 24, 2013
TO: Deferred Compensation Board
FROM: Shelly Schueller
Deferred Compensation Director
SUBJECT: Financial Statements Audits Contract Extension

Staff recommends the Board approve extending the Wisconsin Deferred Compensation (WDC) Program financial statements audits contract with CliftonLarsonAllen (CLA) for audits of calendar years 2013 and 2014.

The administrative services contract with the WDC's third party administrator requires annual financial statements audits. The purpose of these audits is to have an independent public accounting firm render an opinion, in accordance with the United States Generally Accepted Accounting Principles (US GAAP), on whether the financial statements accurately reflect the financial position of the WDC. This audit demonstrates that all participant accounts and contributions are properly balanced and records are accurate, and that all WDC assets are balanced. Financial statements audits may also reveal any misstatements due to errors, fraud or other reasons that would cause the financial statements to inaccurately reflect the financial position of the WDC.

The current contract for financial statements audits is held by CliftonLarsonAllen¹, which was awarded the contract as a result of Request for Proposal (RFP) ETG0008, issued in March 2007. That audit RFP covered three consecutive years (January 1, 2008 through December 31, 2010). Language in the contract permits the Board to extend the contract for two additional two-year periods. In November 2011 the Board approved the first two-year extension for financial statements audits covering calendar years 2012 and 2013.

¹ The firm was formerly known as Clifton Gunderson. The name change is a result of Clifton Gunderson's 2012 merger with LarsonAllen.

Reviewed and approved by Matt Stohr, Administrator
Division of Retirement Services

Electronically Signed 10/8/13

Board	Mtg Date	Item #
DC	11.5.13	7

Financial Statement Audit Contract Extension

September 24, 2013

Page 2

CliftonLarsonAllen has performed the annual financial statements audit since 2003 and has developed a solid working knowledge of the WDC and the third party administrator's systems and processes. The firm has done a thorough job for the Board at a competitive price. Consequently, staff approached CliftonLarsonAllen in 2012 to discuss the possibility of executing the remaining two-year contract extension.

CliftonLarsonAllen submitted a proposal in August 2013, with annual fees for the 2013 and 2014 audits of \$31,000 and \$32,000, respectively. As shown in the table below, the proposed fees for the two years of the extension are similar to what the firm proposed for the previous extension, with a slight decrease for the calendar year 2013 audit and an increase for the calendar year 2014 audit. This may reflect the firm's knowledge and experience with the WDC and also likely is a tangible demonstration that the firm would like to retain the WDC as a client.

Calendar Year	Annual WDC Financial Statements Audit Fee
<i>2014 (proposed Extension 2)</i>	<i>\$32,000</i>
<i>2013 (proposed Extension 2)</i>	<i>\$31,000</i>
2012 (ETG0008 Extension 1)	\$31,500
2011 (ETG0008 Extension 1)	\$30,000
2010 (RFP ETG0008)	\$30,500
2009 (RFP ETG0008)	\$29,000
2008 (RFP ETG0008)	\$27,500

Staff recommends the Board extend the existing contract with CliftonLarsonAllen for WDC financial statements audits for calendar years 2013 and 2014.

Staff will be available at the November 5, 2013, meeting to discuss the contents of this memo and answer any questions regarding financial statement audits and this proposed contract extension.