



STATE OF WISCONSIN
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CORRESPONDENCE / MEMORANDUM

DATE: April 28, 2014
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: 2013 Contract Compliance Audit Results

Staff requests the Deferred Compensation Board (Board) accept the results of the 2013 contract compliance audit.

Contract compliance audits are used to evaluate and report on the third party administrator's management of the Wisconsin Deferred Compensation Program (WDC), including compliance with contract terms and conditions as well as applicable state and federal statutes, rules and regulations. These audits assure the Board, the Department of Employee Trust Funds (ETF), employers and participants that the WDC is being administered effectively and efficiently.

In 2010 the Board authorized ETF to issue an administrative services contract compliance audit Request for Bid (RFB) for calendar years 2011, 2013 and 2015. The certified public accounting firm of Wipfli, LLC was selected by the Board to perform the audits.

Wipfli recently completed the attached contract compliance audit report for calendar year 2013. The report summarizes Wipfli's findings regarding Great-West Financial's (Great-West¹) compliance with the administrative services agreement. The executive summary indicates that overall, Great-West is in compliance with all significant elements of the administrative services agreement. The review revealed no significant exceptions or errors. The records maintained by Great-West are complete and orderly and procedures are well documented and monitored.

In light of the ninth amendment to the contract between the Board and Great-West, which permitted Great-West to assist with transitioning the U.S. Conference of Mayors (USCM) s. 457 plan in Wisconsin, ETF requested Wipfli examine Great-West's activities

¹ In 2013, Great-West Retirement Services changed its name to Great-West Financial.

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

Electronically Signed 5/13/14

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related to the USCM during 2013. Wipfli's review indicated that during 2013, Great-West was not actively seeking business in Wisconsin for the USCM plan and the WDC did not lose participants and assets to the USCM plan.

Wipfli had one comment related to Great-West's services to the WDC. The WDC's administrative services contract specifies that annually, Great-West is to provide ETF with a copy of the results of the most recent independent service auditor's *Statement on Standards for Attestation Engagements* (SSAE16). In 2013, due to changes in Colorado Great-West staff supporting the WDC, this report was not delivered to ETF on time. Wipfli recommends ETF review future SSAE16 reports and discuss with Great-West any exceptions that could potentially affect the WDC. ETF believes it is prudent to follow this recommendation and will work with Great-West to ensure copies of the examinations are delivered and reviewed on a timely basis.

Staff from Wipfli, Great-West and ETF will be available at the meeting to discuss the results of the 2013 contract compliance review with the Board and answer any questions.

Attachment: 2013 Contract Compliance Audit Report