

**STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
AND TRUST
Madison, Wisconsin**

**AGREED-UPON PROCEDURES
December 31, 2005**

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

Deferred Compensation Board
State of Wisconsin Public Employees
Deferred Compensation Plan and Trust
Madison, Wisconsin

We have performed the procedures enumerated below, which were agreed to by the Wisconsin Department of Employee Trust Funds, solely to assist you in reviewing the transfer of the Wisconsin Deferred Compensation (WDC) Plan's transition to a new Plan Administrator and the transfer of Plan assets from Nationwide Retirement Solutions, Inc. (NRS) to Great West Retirement Services, Inc. (GWRS) as of December 1, 2005 and for the month ended December 31, 2005. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures

1. Reconcile amounts received by GWRS on behalf of the WDC Plan to amounts on hand as of November 30, 2005 which were audited.
 - a. The "balance as of November 30, 2005" for each investment option and in total
 - b. The total participants for each investment option and in total
 - c. Select a non-statistical sample of twenty-five (25) participant accounts and verify that the ending balance as of November 30, 2005 (NRS) reconciles to the beginning (transferred) balance as of December 1, 2005 (GWRS)

Findings

While performing the procedures detailed above, we noted that for one participant the November 30, 2005 NRS statement balance did not agree to the December 1, 2005 GWRS statement balance. Upon further inquiry and investigation of the matter, it was determined that the participant's balance was erroneously overstated on the participant's November 30, 2005 account statement only. The overstatement represented a distribution previously received by the participant. To further substantiate the matter, Clifton Gunderson positively confirmed the November 30 and December 31, 2005 balances and the date and amount received for the distribution in question. In conclusion, while the participant's final NRS statement was in error, the amounts transferred to GWRS on behalf of the participant were accurate.

2. Select a non-statistical random sample of participants as noted below, ensuring that all WDC investment options are represented at least once.

Obtain the participant trial balances for the end of the period and select five (5) active participants to test as follows:

- i. Send negative confirmations directly to the participants to confirm their transactions for the month ending December 31, 2005 including contributions, surrenders and income and plan asset fees.

Findings

No exceptions were noted.

- ii. Examine the participant's file noting that the allocation to various investment options (for the last contribution prior to November 30, 2005) was performed correctly in accordance with the participant's request. For those allocations requested via the voice response system, send negative confirmations directly to the participants to confirm that the actual allocation agrees with their request.

Findings

No exceptions were noted.

- iii. For the participants selected, obtain their year end statements from Great West for the period ending December 31, 2005 and determine that the plan asset fees charged to the participant's account in total do not exceed the annual limitation for their balance.
 - Test the statements for mathematical accuracy by footing the total column.

Findings

No exceptions were noted.

- iv. For those participants selected who had contributions to a fixed investment option in the period from January 1 to November 30, 2005, recalculate interest credited to the participant's account for the average using average investment balances and average contract rates published by the carriers within 10%.

Findings

No exceptions were noted.

v. For any participants from the sample above with contributions to variable investment options, perform the following:

- Recalculate, with administrator assistance, the earnings credited to the participant for a selected fund for the month within 10%.
- Examine one transaction per selected participant during the month to determine that the transaction was recorded on the proper date and that the proper unit value was utilized to record the transaction.
- For any participants from the sample above with two accounts, verify that both accounts were transferred correctly and that all deposits and distributions were made as requested by the participant.

Findings

No exceptions were noted.

3. Obtain the distribution report listing all surrenders made during the period December 1, 2005 to December 31, 2005, select twenty-five (25) participants and ensure that all WDC investment options are represented at least once:
 - a. Obtain the request for surrender form and appropriate tax withholding forms.
 - b. Recalculate the tax withholding for mathematical accuracy
 - c. Examine the file noting that the transfer to the payout phase was performed in accordance with the participants request
 - d. Examine the payout calculation, recalculate the benefit payment amount based on the request form, and assess the appropriate application of any charge.
 - e. Verify appropriate treatment of after tax dollars for pre-1986 contributions.

Findings

No exceptions were noted.

4. Obtain the inter-plan deferral coordination report for the year ended December 31, 2005, which identifies participants who appear to be in excess of maximum allowable deferrals, and select five participants. For those selected, verify the existence of documentation that supports either, that the deferrals are in compliance with catch-up provisions of the Internal Revenue Code (IRS) or that the participant has been informed that excess deferrals may have been made.

Findings

Following the December 1, 2005 transition date, GWRS failed to properly establish a control mechanism to identify those participants projected to be in excess of the 2005 deferral limitations. Clifton Gunderson was therefore unable to perform this procedure because an inter-plan deferred coordination report was not available. At transition, the prior recordkeeper, NRS, provided information on future date deferrals. GWRS added the December 2005 deferral changes to the GWRS recordkeeping system but due to a GWRS systems issue, the deferral file feed did not generate properly for the main State employer, payroll center 0 (zero).

Due to this issue, there were participants who had intended for their contribution to be lowered for the final December pay period; however, the paycheck was withheld using the higher deferral amount because the payroll department did not receive the change. As each participant was identified, GWRS benefits issued refund checks, however, these refunds were subsequent to December 31, 2005.

- 5. Using a copy of the transition agreement between the Board and NRS, verify that the required reports were received on or before their due dates.

Findings

Based on discussion with and evidence provided by WDC, NRS and GWRS staff, the required reports were provided to the Board on or before their due dates with the exception of the following:

- 1. The annual service report which was due by January 31, 2006 was not sent to the Board by NRS until March 16, 2006.
- 2. The quarterly status report was due on December 1, 2005 and was sent to the Board by NRS on December 12, 2005.
- 3. The final quarterly status report was due on January 31, 2006 and was sent to the Board by NRS on March 7, 2006.
- 4. The final invoice was due on January 31, 2006 and was sent to the Board by NRS on April 2, 2006.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Plan's transition to a new Plan administrator and the transfer of assets from NRS to GWRS. Accordingly we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and GWRS and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gundersen LLP

Baltimore, Maryland
October 19, 2006