

Prepared Response to Submitted Questions from Potential Proposers

Prepare by Beth Conradson Cleary (8/28/2020)

1. Did you have any deficiencies noted in the controls over the plan?
No.
2. Has there been any changes in 2019 or 2020 that would significantly impact the 2018 FS that were provided?
No.
3. Are the financial statements completed by management / City of Milwaukee?
The Plan uses an vendor to help prepare the Financial Statements (currently Experis), which are reviewed and signed off on by the Plan's Executive Director.
4. What is your preferred timing of fieldwork of the audit (as it was noted that issuance is by 6/30)?
Audit fieldwork typically begins in early May.
5. What is your preferred timing of completion of the agreed upon procedures? What is the anticipated completion date of the AUP findings and conclusions?
The completion of AUP should occur by 6/30.
6. Would you be willing to share the prior year AUP report?
Available reports to view are the 2018 Audit and Financial Statements:
<https://city.milwaukee.gov/ImageLibrary/Groups/cityDefComp/audits/CityofMilwaukeeDeferredCompensationPlan2018FinancialStatement1.pdf> ***and the AU-C 260 and Management Rep Letter:*** <https://city.milwaukee.gov/ImageLibrary/Groups/MDCP/2019-08-15Item32018Audit-12-31-18AU-C260Letter.pdf>
7. For each item listed, what is the sample size off the detailed testing you would like us to perform?
This is up to the discretion of the auditing firm per its expertise.
8. Many of the specific items list out "timely" – I presume this is something that is/will be identified by management for each item?
The overall timeline of the work is agreed to by management and the audit firm to accomplish the 6/30 goal, as referenced in the RFP: "Work should be scheduled to allow for review of the draft audit report, first by the Executive Director and then the Administrator. Sufficient time should be included to allow for the Administrator's responses to audit findings and recommendations. The Executive Director shall be kept informed during the conduct of the audit. The auditor shall provide the Board with twenty (20) copies of the finalized audit report and all disclosures required by generally accepted auditing standards by June 30th following the audited year."

9. Item 2.2.6 – While this seems straightforward, want to ensure we understand the three parties listed.
- Master Agreement – is there anything that is required by the Plan outside of the Master Agreement?
The main governing Plan document is the Master Agreement. Other Plan Documents can be found on our webpage here: <https://city.milwaukee.gov/Deferred-Compensation-Plan/Plan-Documents1>
 - Internal Review Service – Is this really the Internal Revenue Service?
Yes. Our apologies for the typo.
 - Could you define who the “Board” is.
Please see: <https://city.milwaukee.gov/Deferred-Compensation-Plan/Board-Members>
10. Item 2.2.7 – Could you clarify if this item is only related to the controls over the participant contribution limits and not the key controls over the full participant data?
This item is specific to “City assets” and “assurance that participant contributions are within legal limits and consistent with current Internal Revenue Service regulations.”
11. Item 2.2.9 – Could you provide some context to the portion on “review the impact” and then what the output you are looking for when the impact is determined?
Whether or not the timing of the transactions has an impact on interest credit (e.g., were participants made whole if there were any timing issues.)
12. Could you clarify the difference between item 2.2.7 and 2.2.10, as they appear similar to each other?
Item 2.2.7 refers to examples such as legal limits and IRS regulations; 2.2.10 refers to types of transactions allowable per the Master Agreement.
13. Item 2.2.12 – Could you define “quality” as it relates to the investment information?
Item 2.2.12 states: “Whether the Administrator is providing participants and potential participants with quality and timely investment information for economic decision making and risk comparisons between investment options.” (e.g., making sure the participants are aware of all investment options available in the plan, the affiliated fees, performance, risk categories, etc.).
14. Item 2.2.13 – Could you clarify what part of the participant records are included in this item as well as what the information is being compared to, to validate the accuracy?
Address, date of hire, termination date, etc. Information existing in the Administrator’s database as compared participants’ attestation of accuracy of information or other employee records.
15. Could you provide a listing of related agencies so we respond completely to any work performed within the last five years?
Wisconsin Center District, the City of Milwaukee Employees’ Retirement System, HACM, RACM.

16. Would you be willing to share what you are currently paying for the audit services?
The current contract for these services can be found here:
<https://city.milwaukee.gov/ImageLibrary/Groups/cityDefComp/audits/2018-02-15BakerTillyAgreement-executed.pdf>
17. The RFP discusses both an audit and agreed-upon procedures (AUP) engagement. For the AUP engagement do you provide specific procedures for the firm to perform and report on? From the RFP it sounded more like the procedures were left to the discretion of the CPA firm. I'm just trying to understand how that piece works under the SSAE rules.
The AUP is at the discretion of the audit firm per its expertise.
18. While our firm does perform nearly 100 audits of benefit plans each year, we do not do anything in the governmental space relating to benefit plans. Is this going to immediately preclude us from winning the work?
Please refer to section 4.0 of the RFP ("Criteria for Award")
19. What is the reason for the RFP? Is it just a standard process to go for bids or were you unhappy with the prior Firm?
The Board felt that it was prudent to issue the RFP since it had been 5 years since we have previously done so.
20. It appears the due date to provide the audited financial statements is June 30th. What was the typical timeframe for the audit and AUP fieldwork?
Requests for reports typically occurs mid to late January; fieldwork typically begins early May.
21. Was a management letter issued as a result of the prior audit? If so, can you provide a copy?
Please see: <https://city.milwaukee.gov/ImageLibrary/Groups/MDCP/2019-08-15Item32018Audit-12-31-18AU-C260Letter.pdf>
22. Are you disclosing the current fees that are being paid for these services?
Please see the response to question 16.
23. Are the auditors granted online access to plan and participant records with Voya and Northern Trust?
No. Reports and specific documents are requested by the audit firm and them provided via a secure portal.
24. Are all of the payroll records and other personnel files that will be needed to complete the audit and AUP engagements maintained in a centralized location?
Management, the Administrator and the Custodial Bank work to prepare requested files, records and reports needed to complete the audit and AUP engagements and will provide them via the secure portal.

25. What is the payroll system used by the City---I believe the City is on MUNIS; do you use the Tyler HCM module, an outsourced solution like ADP, something else?

The City uses HRMS as its payroll system.

26. What is the timing of when records are typically ready (i.e. Voya annual reporting package and draft financial statements) and does the historic August audit report date meet the Plan's needs (or is there a specific deadline)?

Voya currently has access to its requested reports available 15 business days after the end of the calendar year. The draft financial statements are typically available my late March.

27. Who completes the analysis on GASB 72 leveling analysis and is there any expected new investment choices? Would it be accurate to say that for 2020, aside from the legacy variable annuity, all of the investments are collective trust funds (for example, the JPM target date collective funds, the stable value fund, the northern trust collective funds) and these would either qualify as either level 2 or NAV investments depending on the circumstances?

Experis (an outside vendor) currently completes this analysis prior to assisting in its draft of the financial documents. There are no new expected investment choices. For more information about the types and levels of the Plan's investments, please see Note 3 of the Financial Statements.

28. Is a copy of the prior year AUP report available, or alternatively could you identify the specific amount of participant samples tested for various steps to ensure our expectations for level of effort are commensurate with MDCP's expectations and historical experience?

No report is available. The participant sample size varies depending on the category being tested and is at the discretion of the audit firm per its expertise.