



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

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**Request for Proposals
RFP No. 09-006**

**Addendum 2
July 23, 2009**

Subject: Sections 4.1.10 and 4.2.10

Please replace the current sections with the following:

4.1.10 Program Audits

The record keeper must provide, within 60 days of the close of each calendar year, a reconciled annual summary report for each Plan. The report will be fully reconciled with the sum total of participant transactions for the relevant period, as reflected on the record keeper's records.

The record keeper will also cooperate fully in the development and execution of Plan audits. A separate audit is conducted for each Plan. The audits will be conducted in accordance with generally accepted auditing standards (GAAS) and will be performed on a calendar year basis with a calendar year ending December 31 of each year. In addition, these audits will include certain agreed upon test procedures, including but not limited to the following:

- Reconcile between the trustee/custodian or other party's Plan asset records, DRS ' records and the record keeper's participant records;
- Confirm assets held in trust/custody under the supervision of the trustee/custodian or other party with the parties providing the actual investment options;
- Reconcile revenue received by the trustee/custodian or other party with the specific revenue of the various investment options;
- Test charges to Plan assets and withdrawals from the Plan to determine compliance with trustee/custodial agreements and Plan provisions;
- Test actual investments held by trustee/custodian or other party to determine whether they coincide with actual participant records.

Payment or reimbursement for the audits will be determined during contract negotiations.

4.2.10 Program Audits

The record keeper must provide, within 60 days of the close of each calendar year, a reconciled annual summary report. The report will be fully reconciled with the sum total of participant transactions for the relevant period, as reflected on the record keeper's records.

The record keeper will also cooperate fully in an annual DCP audit. The audit will be conducted in accordance with generally accepted auditing standards (GAAS) and will be performed on a calendar year basis with a calendar year ending December 31 of each year. In addition, these audits will include certain agreed upon test procedures, including but not limited to the following:

- Reconcile between the trustee/custodian or other party's DCP asset records, DRS 's records and the record keeper's participant records;
- Confirm assets held in trust/custody under the supervision of the trustee/custodian or other party with the parties providing the actual investment options;
- Reconcile revenue received by the trustee/custodian or other party with the specific revenue of the various investment options;
- Test changes to Plan assets and withdrawals from the DCP to determine compliance with trustee/custodial agreements and Plan provisions;
- Test actual investments held by trustee/custodian or other party to determine whether they coincide with actual participant records.

Payment or reimbursement for the audits will be determined during contract negotiations.