



BELFINT • LYONS • SHUMAN
Certified Public Accountants

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August 5, 2020

To the Plans Management Board
State of Delaware 403(b) Plan
Delaware State Treasury
820 Silver Lake Blvd., Suite 100
Dover, DE 19904

In planning and performing our audit of the financial statements of State of Delaware 403(b) Plan (Plan) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider finding 2019-01 in the attached Schedule of Findings and Recommendations to be a material weakness.

This communication is intended solely for the information and use of the Plans Management Board, management, plan administrator, and others within the plan, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Belfint, Lyons & Shuman, P.A.

1011 Centre Road • Suite 310 | Wilmington • DE 19805 | Phone: 302.225.0600 | Fax: 302.225.0625

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2019 FINANCIAL STATEMENT FINDINGS

Reference Number: 2019-001

Type of Finding: Material Weakness

Inappropriately Excluded Participant Accounts on Vendor Statements

Condition: Security Benefit provided BLS with an audit package that consisted of a participant account balance report and a schedule of investments for the Plan. BLS identified 14 participant accounts totaling \$1,207,046.61 at December 31, 2018 that were not on the Security Benefit legacy vendor statements and confirmations for the plan year ending December 31, 2019 and also not on the distribution report.

Criteria: Plan statements provided by vendors should be complete and accurate, including all accounts that belong to the State of Delaware 403(b) Plan, but not IRA accounts that are not part of the plan.

Cause: Security Benefit personnel produce reports from individual contract statements and the computer system seems to be unable to identify all and only contracts that belong to the State of Delaware 403(b) Plan.

Effect: If vendors cannot produce complete and accurate reports, it could lead to materially misstated financial statements.

Recommendation: We recommend that State of Delaware 403(b) Plan officials work with Security Benefit personnel to ensure complete and accurate confirmations and statements are issued to the State of Delaware plan officials and auditors.

Resolution: BLS obtained individual account statements for the participants that were missing on the account balance report and included the account balances and activity during the year in those accounts on the financial statements.

Views of Responsible Plan Officials and Planned Corrective Actions: All vendor accounts have been added to the State's TPA's recordkeeping platform, Plan with Ease. We will work with our TPA and the vendors to ensure all accounts are completely and accurately captured.

Responsible Positions: Promotions and Outreach Manager and Investments and Operations Manager