

**MEMORANDUM OF UNDERSTANDING
BETWEEN AND AMONG
THE OFFICE OF AUDITOR OF ACCOUNTS
AND
THE PLANS MANAGEMENT BOARD
AND
THE OFFICE OF THE STATE TREASURER**

WHEREAS, pursuant to 29 *Del. C.* § 2722, the Plans Management Board (the “Board”) is the State of Delaware (the “State”) agency responsible for the oversight and administration of the State’s deferred compensation programs under 26 U.S.C. §§ 457(b), 401(a), and 403(b), and the State’s qualified tuition program under 26 U.S.C. § 529 (collectively, the “Plans”);

WHEREAS, pursuant to 29 *Del. C.* § 2722(e)(7), the Board is required to (a) arrange for an annual financial audit of each Plan; (b) enter into a memorandum of understanding with the Office of the State Auditor of Accounts (“AOA”) regarding each such audit; and (c) approve payment for such audit.

WHEREAS, pursuant to 29 *Del. C.* § 2722, the Office of the State Treasurer (“OST”) is required to and does provide administrative support for the Board;

WHEREAS, AOA, the Board and OST are referred to collectively herein as the “Parties”;

WHEREAS, the AOA, pursuant to 29 *Del. C.* § 2906(c), has sole responsibility for the arrangements under which the postaudits of State agencies are conducted, and for the selection of certified public accounting firms who shall perform the postaudits;

WHEREAS, AOA has, through a professional services procurement process in accordance with 29 *Del. C.* ch. 69, selected a certified public accounting firm (the “Contractor”) to perform the annual postaudits for each Plan (the “Engagement”);

WHEREAS, AOA has entered into a professional services agreement, Contract 18-CPA-02 (the “Contract”), with the Contractor regarding the Engagement;

WHEREAS, the Contract was awarded for a two-year term and may be extended by AOA as provided in the Contract and this Memorandum of Understanding (the “MOU”); and

WHEREAS, AOA, the Board and OST agree that the MOU is intended to document their mutual understanding and agreement regarding payment of all Contract-related fees and other matters related to the Engagement, as specified herein, and is entered into as of the date executed by the Parties.

NOW THEREFORE, pursuant to the foregoing, the Parties hereto agree to the following:

1. All information, data, reports, and records, as are necessary for carrying out the Engagement, shall be furnished to the Contractor without charge by OST, and OST shall cooperate with the Contractor during the course of the Engagement.
2. During the course of the Engagement, and prior to the completion thereof, AOA shall notify in writing and consult with OST concerning any proposed extension of or addendum or revision to the Contract, including but not limited to the exercise of any optional term or changes in the scope of the Engagement that may affect Contract-related fees or other material terms.
3. Within 10 business days of such notice, OST may provide written comments to AOA regarding the proposed extension, addendum or revision. AOA will consider OST’s comments and notify OST in writing of any extension of the Contract, or any changes made to the Contract that may affect Contract-related fees or other material terms.

4. OST and the Board acknowledge AOA's statutory authority under 29 *Del. C.* § 2906(c) and agree that neither OST nor the Board will not enter into any side agreement or arrangement with the Contractor that would create a conflict of interest.
5. AOA acknowledges the Board's statutory authority under 29 *Del. C.* § 2722(e)(7) to arrange and approve the payment for an annual financial audit of the Plan.
6. AOA shall be solely responsible for finalizing and publicly issuing a report relating to the annual financial audit.
7. In the first quarter of each calendar year during the term of this MOU, the Board shall approve an annual budget for the Plan that includes a line item for the payment of all annual audit-related fees and expenses, including reasonable estimates for all AOA and Contractor fees and expenses incurred or expected to be incurred each calendar year. OST shall pay the Contractor any fees and expenses due and owing under the Contract, subject to OST's right to review and approve such fees and expenses in accordance with this MOU.
8. AOA shall promptly review and tentatively approve all invoices submitted by the Contractor. AOA shall promptly send all tentatively approved fees to OST for review and approval. OST will approve and promptly pay all undisputed charges in accordance with the budget. OST may directly address with the Contractor any disputed fees or expenses. OST and the Contractor may resolve any such disputes, and OST may pay all agreed-upon fees or expenses in accordance with the budget. Absent Board approval, OST shall not pay any fees or expenses that exceed the amount provided in the annual budget.

9. If the Contractor informs AOA of a potential cost overrun, AOA will immediately notify OST.
10. In the event a subpoena, other legal process, or a Freedom of Information Act request seeking access to or copies of work papers or any other documents related to the Engagement is received by AOA, AOA shall respond in accordance with law following consultation with its assigned Deputy Attorney General. Unless prohibited by law, AOA shall immediately notify OST of its receipt of any such request for access to confidential or potentially confidential documents relating to the Engagement.
11. OST and the Board agree to allow OST's employees to respond to audit inquiries and inform AOA and the Contractor of any significant facts regarding matters of internal controls, fraud, waste, abuse, or illegal acts. Any information obtained as a part of this Engagement will be processed in accordance with applicable audit and investigative standards.
12. All notices and communications between the parties regarding any aspect of this MOU should be directed to the following individuals in writing:

To OST or the Board:

Name: John Meyer
 Title: Director, Contributions and Plan Management
 Agency: Office of the State Treasurer
 Address: 820 Silver Lake Blvd, Suite 100
 Dover, DE 19904
 Email: john.meyer@state.de.us
 Telephone: 302-672-6705

To AOA:

R. Thomas Wagner, Jr.
 State Auditor
 Office of Auditor of Accounts
 401 Federal Street, Suite 1
 Dover, DE 19901
R.Thomas.Wagner@state.de.us
 302-739-5055

13. This MOU may be amended only by written agreement of the Parties.

14. Subject to the budget or as otherwise approved by the Board, OST shall pay to AOA a reasonable fee for AOA's administrative and oversight role related to the Contract and the Engagement.

OFFICE OF THE STATE TREASURER

OFFICE OF AUDITOR OF ACCOUNTS

Name: John Meyer
Title: Director, Contributions and Plan
Management

Name: R. Thomas Wagner, Jr.
Title: State Auditor

Date: _____

Date: _____

PLANS MANAGEMENT BOARD

Name: Stephen Saville
Title: Chair

Date: _____