

AUDIT & GOVERNANCE COMMITTEE MEETING

FEBRUARY 2022



- Discussion and Vote on Recommendation Regarding 2022 Committee Goals
- Discussion and Vote on Recommendation Regarding 2022 Education Schedule
- Update and Discussion Regarding 2020 Plan Year Audit Findings
- Update Regarding MOUs with the Office of the Auditor of Accounts
- Discussion and Vote on Recommendation Regarding Legislation Concerning Auditor



PLANS MANAGEMENT BOARD STRATEGIC OBJECTIVES





1 INCREASE PARTICIPATION

Goal One – **Build Upon the Enrollment Growth Momentum**

Goal Two – **Analyze the Opportunity to Allow Casual/Seasonal Employees to Contribute**

Goal Three – **Explore Auto-Enrollment Opportunities for Deferred Compensation Plans**

Goal Four – **Support Efforts to “Unfreeze” the 401(a) Match Plan**

2 REVIEW INVESTMENTS AND GROW ASSETS

Goal One – **Review and Broaden Tier Two Core Investment Options**

Goal Two – **Explore Environmental, Social, and Governance (ESG) Investment Offering**

Goal Three – **Promote Account Consolidations**

Goal Four – **Investigate the Benefits of Offering Flat vs Percentage Based Deferrals**

3 ENHANCE PLAN OPERATIONS

Goal One – **Improve Existing Internal Controls and Operating Efficiencies**

Goal Two – **Increase Beneficiary Designation Rate**

Goal Three – **Continue to Strengthen Oversight with Board and Committees**

Goal Four – **Enhance Retiree Experience**

• *Green font represent “always on” efforts*

Focus Timeline

2021

- ✓ *Build on enrollment growth*
- ✓ *Promote account consolidations*
- ✓ *Increase beneficiary designation rate*
- ✓ *RFP for Plan*

2022

- *Improve existing controls*
- *Enhance retiree experience (SVD)*
- *Review and broaden Tier Two Investments*
- *Explore ESG investment offerings*
- *Flat vs fixed contribution research*
- *Oversight Fiduciary Training*

2023

- *Casual Seasonal Opportunity*
- *Auto-enrollment –Phase 1*

2024

- *Auto-enrollment*
- *Oversight Fiduciary Training*





1 GROW ACCOUNTS

Goal One – Further Optimize Fidelity Marketing and DE529 Plan Marketing Spend

Goal Two – Test and Implement a Match Incentive Program

Goal Three – Establish Partnerships with Top Three Birthing Hospitals in Delaware

Goal Four –Partner with Delaware Public Schools

Goal Five –Workplace Messaging

2 INCREASE CONTRIBUTIONS

Goal One – Support HB145 Tax incentive legislation for Delaware residents

Goal Two – Test and Implement a Match Incentive Program

Goal Three –Collaborate with Fidelity on Gifting Tool Promotion and Employer Contributions

3 BUILD TOP TIER PLAN

Goal One – Create a “State Collective” of Fidelity 529 Plans

Goal Two – Continue to Strengthen Oversight with Board and Committees

Goal Three – Implement Strategy for Administrative Fee Balances

Goal Four –Pass HB145 Tax Incentive

Goal Five –Scholarship Pilot (Foster Youth)

- *Green font represent “always on” efforts*

Focus Timeline

2021

- ✓ *RFP for Plan*
- ✓ *Rebranding of plan*

2022

- *Test Match Incentive Program*
- *Support HB145 Tax Incentive*
- *Top birthing hospital partnerships*
- *Implement strategy for administrative fee balances*
- *Scholarship Pilot*

2023

- *Workplace messaging/employer campaigns*
- *Match Incentive Program assessment*
- *Collaborate with Fidelity on workplace*
- *Promotion of gifting tool*
- *Host virtual “State Collective” Summit*
- *Scholarship Pilot*


2024

- *Morningstar Medal Assessment*
- *Scholarship Pilot*



2021 Goals and Accomplishments	2022 Goals
<ul style="list-style-type: none">✓ Resignation Policy✓ FOIA Records Act Training✓ Code of Conduct Training✓ Review of Resolution 2018-01✓ Resolution 2021-01 (Governance Manual)✓ Audit Presentations<ul style="list-style-type: none">• Deferred Compensation Plans• College Investment Savings Plan✓ Retirement Plan and College Investment Record Keepers RFP<input type="checkbox"/> Vendor Management Policy<input type="checkbox"/> Cyber Security Policy<input type="checkbox"/> External Auditor RFP Participation	<ul style="list-style-type: none"><input type="checkbox"/> 2022 Education Schedule<input type="checkbox"/> MOU with Auditor's Office<input type="checkbox"/> Updates on 2020 audit report items<input type="checkbox"/> Legislation concerning Auditor<input type="checkbox"/> Retirement Plan Contracts<input type="checkbox"/> Audit Presentations<ul style="list-style-type: none">• Deferred Compensation Plans• College Investment Savings Plan<input type="checkbox"/> Vendor Management Policy<input type="checkbox"/> Cyber Security Policy<input type="checkbox"/> SECURE Act Plan Amendments <p>Recommend to approve Committee Goals for 2022 </p>



Topics	Date
Fiduciary Duties and Best Practices	<input type="checkbox"/> Last held September 2020 <input type="checkbox"/> Needs to held by September 2022 (no less than every two years) <input type="checkbox"/> Recommend to schedule for September 2022 
State of Delaware Code of Conduct	<input type="checkbox"/> Last held June 2021 <input type="checkbox"/> Needs to held by June 2025 (no less than every four years)
State of Delaware Freedom of Information Act (FOIA)	<input type="checkbox"/> Last held September 2021 <input type="checkbox"/> Needs to held by (no less than every four years)
State of Delaware Public Records Law	<input type="checkbox"/> Last held September 2021 <input type="checkbox"/> Needs to held by (no less than every four years)

Training will be conducted as needed to address new court decisions, changes in law or evolution of accepted practices.



- Discussion with new audit firm to discuss the need to reinforce complete statement information with Security Benefit (2/3/22)
- OST Team will focus (Feb/March) on the researching participants on the uncashed check report from 12/31/21.



- Update Regarding MOUs with the Office of the Auditor of Accounts
 - a) In December 2021, AOA agreed to the 8.91% reasonable rate fee for the 2020 plan year audits. Issue was resolved.
 - a) New MOUs for 2021 plan year audits state the fee would be tied to the Maximus rate. Open Issue.
- Discussion and Vote on Recommendation Regarding Legislation Concerning Auditor

