



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE
OF THE PLANS MANAGEMENT BOARD
November 2, 2021**

A meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on November 2, 2021, at 10:00 a.m. at the Office of the State Treasurer – Carvel State Building, 820 N. French Street, Wilmington, DE. Committee members and members of the public were able to participate using the provided dial-in information.

Committee Members Represented or in Attendance:

Mr. Peter Kennedy, Committee Chair

Mr. John Macedo

Ms. Liza Davis, Deputy State Treasurer (on behalf of The Honorable Colleen C. Davis, State Treasurer)

Others in Attendance:

Mr. Jason Staib, Deputy Attorney General, Delaware Department of Justice

Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer (“OST”)

Mr. Daniel Kimmel, Promotion and Outreach Program Manager, OST

Mr. Michael Green, Investment and Program Manager, OST

Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST

Mr. Matthew Rosen, Senior Policy Advisor, OST

Mr. Earle Allen, CAPTRUST

CALLED TO ORDER

The meeting was called to order at 10:00 a.m.

APPROVAL OF MINUTES

The Committee discussed two revisions to the draft minutes regarding audit findings.

A MOTION was made by Mr. Kennedy and seconded by Ms. Davis to approve minutes from the Committee meeting on August 10, 2021, with revisions.

MOTION ADOPTED UNANIMOUSLY

ACTION ITEMS

Discussion and Potential Recommendation Regarding Plan Audits

Mr. Meyer discussed the final audit reports for the Plans for the 2020 year. The Committee had reviewed the final reports during the August meeting with the exception of the draft report for the 403(b) Plan, which is now finalized.

A MOTION was made by Mr. Macedo and seconded by Deputy Treasurer Davis to recommend the final audit reports for Plan year 2020 to the Board for approval.

MOTION ADOPTED UNANIMOUSLY

Discussion and Potential Recommendation Regarding Audit Findings

Mr. Meyer updated the Committee on the corrective action steps relating to the audit findings for Plan year 2020. The Committee discussed the material weakness item involving Security Benefits. Mr. Meyer informed the Committee of an email that was sent to Security Benefits in September reinforcing the need for complete records from the vendor. OST will review the matter with the new audit firm and will send another communication in 2022 in preparation for the 2021 plan year audits. The Committee discussed whether there were more options OST should consider for mitigating the Security Benefit material weakness and concluded that OST has already taken reasonable steps to encourage Security Benefit to improve the accuracy and completeness of its work. OST has little leverage because Security Benefit has no contractual obligation to OST and presently is not an OST vendor.

Update Regarding MOUs with the Office of the Auditor of Accounts (AOA)

Mr. Meyer updated the Committee regarding the MOUs with AOA. He stated that the Board approved the Committee's recommendation to adhere to the agreed upon rate and reject the new rate for the upcoming audit. Mr. Meyer stated that the AOA issued an RFP and selected a new audit firm.

Discussion and Potential Recommendation Regarding Legislation Concerning Auditor Selection

The Committee considered potential legislation to allow for input on taking responsibility for the selection of the auditor for the plans. There was a discussion about the need for additional information as to how other states select outside auditors.

A MOTION was made by Mr. Kennedy and seconded by Deputy Treasurer Davis that the Committee recommend to the Board the canvassing of best practices and the drafting of potential legislation.

MOTION ADOPTED UNANIMOUSLY

Update Regarding 529 Program Manager Agreements

Mr. Meyer stated that the Board awarded a new contract to Fidelity in June 2021. He stated that OST intends to present draft contract documents to the Board in December 2021.

2022 Meeting Calendar

Mr. Meyer presented the 2022 meeting calendar to the Committee.

PUBLIC COMMENT

No member of the public was present for comment.

Executive Session

No Executive Session was held.

NEXT MEETING

The next meeting of the Committee is scheduled for February 8, 2022.

The next meeting of the Board is scheduled for December 7, 2021.

ADJOURNMENT

Meeting was adjourned by Chair at 10:50 a.m.

Respectfully submitted,

Pete Kennedy, Chair for the Audit and Governance Committee