



**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE  
OF THE PLANS MANAGEMENT BOARD  
February 7, 2023**

A virtual meeting of the Audit and Governance Committee (the “Committee”) of the Plans Management Board (the “Board”) was held on February 7, 2023, at 10:00 a.m. 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  
Mr. Timothy J. Snyder  
The Honorable Colleen C. Davis, State Treasurer

Others in Attendance:

Ms. Liza Davis, Deputy State Treasurer  
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  
Mrs. Deborah Bradl, Executive Assistant, Contributions and Plan Management, OST  
Mr. Earle Allen, CAPTRUST  
Mr. David Schneier, Director, Cyber Assurance and Support, Fidelity  
Mr. Anthony Durkan, Vice President, Head of 529 Relationship Management, Fidelity

**CALLED TO ORDER**

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

**APPROVAL OF MINUTES**

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder to approve minutes from the Committee meeting on November 1, 2022.**

**MOTION ADOPTED UNANIMOUSLY**

## **DISCUSSION AND ACTION ITEMS**

### *Cyber Security-Fidelity*

Mr. Schneier presented Fidelity’s cyber security and fraud prevention processes to the Committee. He discussed best practices within the industry for plan sponsors, recordkeepers and participants. Mr. Schneier discussed key components from Department of Labor guidance and Fidelity’s customer protection program that will be valuable resources as the Committee develops its cyber security policy.

### *Update and Discussion on SECURE Act 2.0*

Mr. Meyer provided a summary of the SECURE Act 2.0 retirement reform legislation to the Committee. He reviewed several key provisions and modifications that will impact aspects of retirement savings. Some provisions took effect January 1, 2023, however, most will take effect over the next few years. Key mandatory provisions include an increase in the age for Required Minimum Distributions (“RMDs”) to age 73 going into effect in 2023. Pre-death RMDs will no longer be required from designated Roth accounts, effective 2024. Finally, the penalty for failure to take an RMD was reduced, effective January 2023. Mr. Meyer also noted that a surviving spouse may be treated as an employee if elected by the surviving spouse, effective 2024, and that catch-up contributions must be made on a Roth basis for higher income earners, effective 2024. Mr. Meyer informed the Committee that amendments will be required for some of the changes and operational changes may require work by the State’s payroll provider, Payroll Human Resources Statewide Technology (“PHRST”). Mr. Meyer reviewed numerous optional changes with the Committee. He also highlighted other notable changes, including the elimination of the “first day of month” requirement for governmental 457(b) plans (aligning them with 403(b) plans), the creation of a national retirement “lost and found” registry, the ability to roll unused 529 assets into a Roth IRA, and changes to practices and rules for hardships. Mr. Meyer indicated that OST will work with the Deputy Attorney General and Ice Miller on an implementation schedule that will address the mandatory changes before turning to the optional changes that the Committee may recommend for implementation.

### *Discussion and Vote on Recommendation Regarding 2023 Committee Goals*

Mr. Meyer discussed the Committee goals for 2023. The Committee discussed performance regarding the current audit firm and requested updates on legislation regarding responsibility for selection of the audit firm.

**A MOTION was made by Mr. Macedo and seconded by Treasurer Davis to recommend the 2023 Audit and Governance Committee goals to the Board for approval.**

**MOTION ADOPTED UNANIMOUSLY**

### *Discussion and Vote on Recommendation Regarding 2023 MOU with the Office of Auditor of Accounts*

Mr. Meyer presented an update on the Memorandum of Understanding (“MOU”) among the Board, OST, and the Office of the Auditor of Accounts (“AOA”). Mr. Meyer stated that the current MOU, which applied to 2021 audits, was revised and signed by the interim auditor. The new MOU will be for the 2022 plan year audits and contains the same MOU terms and pricing.

**A MOTION was made by Mr. Macedo and seconded by Mr. Snyder that the Committee recommend the revised MOU with the AOA to the Board for approval.**

**MOTION ADOPTED UNANIMOUSLY**

### *Update Regarding November Discussion on Operational Matters*

Mr. Meyer updated the Committee on the operational matters discussed during the November meeting. Mr. Staib advised that the Committee’s mandate includes responsibility to address operational matters that may cause a direct material negative impact on one or more participants, could be flagged by an auditor as an operational or internal control deficiency, may pose a significant risk to the qualified status of the plan, or may cause reputational harm to the Board or a plan. OST continues to make progress towards resolving the operational matters discussed in the November meeting and will provide updates to the Board.

**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 May 9, 2023.

The next meeting of the Board is scheduled for March 7, 2023.

**ADJOURNMENT**

Meeting was adjourned by Chair at 11:19 a.m.

Respectfully submitted,

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Pete Kennedy, Chair for the Audit and Governance Committee