



MEMORANDUM

To: Plans Management Board Members
From: John Meyer, Director of Contributions and Plan Management
Sent: September 12, 2023
Subject: **September Meeting- Committee Reports**

The Plans Management Board (“Board”) will meet on September 12, 2023. The Board will receive reports from the Audit and Governance Committee (“AGC”), the Investment Committee (“IC”) and updates from the Office of State Treasurer (“OST”). The AGC assembled virtually on August 8, 2023. The IC convened virtually on August 15, 2023. The committees and OST present the following updates to Board:

Plan Audits and External Audit Firm Status Update

During the August AGC meeting, Barbacane Thornton presented the audit reports and financial statements for the 2021 457(b) plan, 401(a) plan and the 529 college investment plan. Barbacane Thornton intends to present the audit report and financial statements for the 2021 403(b) plan at the November AGC meeting. The AGC will update the Board at the December meeting. At the May AGC Meeting, State Auditor York reviewed the current audit firm contract with Barbacane Thornton. She stated that the current audit firm is under contract for the 2021 and 2022 plan year audits. Ms. York stated that it is the intent of the Office of Auditor of Accounts (“OAOA”) to issue a new RFP rather than exercise the contract extension option. The AGC voiced support for an upcoming RFP and the desire of having Board representation in the RFP process. OAOA consulted with OST on an RFP and is looking to issue the request in the upcoming month. The AGC will provide an update on the external audit firm engagement and a new memorandum of understanding for 2024 and 2025 with OAOA and the Board at the December meeting.

Action Item: No action needed.

Cyber Security Policy

The AGC reviewed a revised draft of a cyber security policy that was developed by OST, OST’s DAG and AGC member John Macedo. The AGC requested that OST meet with the Delaware Department of Technology and Information (“DTI”) to discuss procedures and capabilities for ongoing monitoring of vendor practices. The AGC will review an updated policy at the November 2023 committee meeting.

Action Item: No action needed.

Watch List

At the May and August 2023 meetings, CAPTRUST and the IC discussed the performance of the PIMCO Total Return fund. CAPTRUST continues to monitor this fund due to a change in leadership and an uncertain economic and interest rate environment. The IC will revisit a discussion on whether to recommend this fund for the Board's watch list at the November IC meeting.

Action Item: No action needed.

Small Balance IRA Provider

In September 2022, the Board approved involuntary force-out provisions for terminated participants with balances between \$1,000 and \$5,000. If a terminated participant with a balance between \$1,000 and \$5,000 fails to act upon notice of pending distributions, the balance would be transferred to an IRA. CAPTRUST provided the IC with [expanded options in August](#) related to potential providers. The IC will revisit the discussion at the November meeting.

Action Item: No action needed.