

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
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BOARD OF PENSION TRUSTEES
AUDIT COMMITTEE
MEETING MINUTES OF MARCH 18, 2008

Audit Committee Members Present

Joel Poorman
Dr. William Markell
Robert Allen

Others Present

David Craik, Pension Office
Jeffrey Hoover, Pension Office
Cindy Collins, DAG

Trustees Present

Philip S. Reese

1. OPENING COMMENTS

The meeting of the Audit Committee of the Board of Pensions Trustees was called to order by Joel Poorman.

2. APPROVAL OF THE MINUTES

The Audit Committee reviewed the public minutes of the September 11, 2007 meeting.

MOTION made by W. Markell and seconded by R. Allen to approve the public minutes of the Audit Committee Meeting on September 11, 2007.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the executive minutes of the September 11, 2007 meeting.

MOTION made by R. Allen and seconded by W. Markell to approve the executive minutes of the Audit Committee Meeting on September 11, 2007.

MOTION ADOPTED UNANIMOUSLY

3. PENDING ITEMS (OLD BUSINESS)

MOTION made by W. Markell and seconded by R. Allen to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

4. DEPUTY ATTORNEY GENERAL REPORT

Legislation has been introduced to complete technical corrections to the DPERS plans to ensure compliance with recently enacted federal pension legislation. It is anticipated that the legislation will be passed this session.

MOTION made by W. Markell and seconded by R. Allen to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

5. TENTATIVE AUDIT TIMELINE

It was announced that a meeting with the state auditors would take place on March 19, 2008 with Kathy and Dave from the Pension Office to discuss requirements for the OPEB Trust audit scope and reporting requirements.

KPMG auditors will arrive the week of May 12, 2008, to discuss last year's issues, prepare files, work papers, and meet with Member Services to review work processes. During the week of May 19, 2008, the KPMG auditors will be auditing contributions and distributions and begin interviews with Member Services staff and complete controls test work, also the auditors will complete controls testwork related to investments. During the week of May 26, 2008, KPMG auditors will complete more auditing of investments. The KPMG auditors will be onsite for all of

August for review of the Comprehensive Annual Financial Report and the audit close out meeting is tentatively scheduled for late September 2008.

Discussion was held to move the audit completion deadline from the end of September to the second week of October 2008.

6. OFFICE OF PENSIONS REPORT ON PROCESS REVIEW

MOTION made by R. Allen and seconded by W. Markell to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

A General Ledger System is being pursued by the Pension Office for accounting of the State Pension plans. The system may require a RFP, due to the cost likely exceeding \$50,000.

The Pension Office staff are starting to utilize a Northern Trust online cash movement system allowing for online cash funding of cash accounts and capital calls. This feature is being utilized at no extra cost.

The Pension Office is looking at investment performance applications available online at Northern Trust that would allow for enhanced monitoring of investments.

The Pension Office is considering a service in order to monitor securities class actions.

7. NEW BUSINESS

MOTION made by W. Markell and seconded by R. Allan to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

It was announced that the Pension Office was again awarded the GFOA Certificate for Achievement in Financial Reporting for the 2007 Comprehensive Annual Financial Report.

9. ADJOURNMENT

The Audit Committee agreed to meet again on April 30, 2008 at 10:00AM at the State Pension Office in Dover, DE.

Meeting was adjourned at 2:30PM.

Respectfully submitted,

Jeffrey Hoover
Investment Financial Manager

Joel Poorman, Chair
Audit Committee
Board of Pension Trustees Chairman

cc: Audit Committee Members
David Craik
Kathy Kunkle
Cindy Collins