

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
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BOARD OF PENSION TRUSTEES
AUDIT COMMITTEE
MEETING MINUTES OF MAY 4, 2012

Audit Committee Members Present

Helen R. Foster, Chair
Mark Finfrock
James Burke
Robert L. Paretta
Steve Ritchle

Others Present

Wade Sallings, Pension Office
Jeffrey Hoover, Pension Office
Cindy Collins, DAG
Garry Musto, Ashford Consulting

Audit Committee Members Not Present

Araya Debessay

KPMG

Matthew Hutchinson
Joe Seibert

1. OPENING COMMENTS

The meeting of the Audit Committee of the Board of Pension Trustees was called to order by Helen R. Foster, Chair, at 9:30 a.m.

2. APPROVAL OF THE MINUTES

The Audit Committee reviewed the public minutes of the November 10, 2011 meeting.

MOTION made by J. Burke and seconded by M. Finfrock to approve the public minutes of the Audit Committee Meeting from November 10, 2011.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the executive minutes of the November 10, 2011 meeting.

MOTION made by M. Finfrock and seconded by

J. Burke to approve the executive minutes of the Audit Committee Meeting from November 10, 2011.

MOTION ADOPTED UNANIMOUSLY

3. PENDING ITEMS (OLD BUSINESS)

No items to report.

4. REPORT ON STATUS OF AUDITOR RFP

An Auditor RFP was issued by the Auditor's Office in March 2012 and out of the 2 finalist, KPMG was selected. The contract is currently being negotiated and is expected to be in place by May of 2012. The term of the contract is for 3 years, with 2 possible one-year extensions.

5. FISCAL YEAR 2012 AUDIT DISCUSSIONS AND TIMELINE

Staffing for KPMG's fiscal year 2012 includes: Joseph Seibert, Engagement Partner; Jack Reagan, Concurring Review Partner; Sophia Smith, Senior Manager; Matthew Hutchison, Manager. J. Seibert noted that out of an abundance of caution to avoid any appearance of a conflict Matthew Hutchison will no longer be assigned to the DPERS' audit since his uncle has been appointed to the DPERS Board of Trustees.

KPMG anticipates it will start the audit of the First State Independence Fund LLC (FSIF) by the middle of May 2012, after the audit contract is executed.

The Audit Committee and KPMG discussed the upcoming audit process. KPMG provided a handout that detailed what procedures and policies KPMG will use in the Fiscal Year 2012 DPERS audit. KPMG explained that it gives reasonable, but not absolute assurance that the financial statements are free of material misstatements.

MOTION made by M. Finfrock and seconded by S. Ritchle to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

MOTION made by M. Finfrock and seconded by J. Burke to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

6. NEW BUSINESS

No items to report.

7. PROPOSED FUTURE 2012 AUDIT COMMITTEE DATES

Next meeting tentatively scheduled for September 21, 2012 with October 19, 2012 as the alternative date.

At 12:15 p.m. there being no further business,
MOTION was made by R. Paretta and seconded
by J. Burke to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Jeffrey Hoover
Investment Financial Manager

Helen R. Foster, Chairman
BOPT Audit Committee

cc: Audit Committee Members
 Suzanne Grant
 David Craik
 Wade Sallings
 Cindy Collins