

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
MCARDLE BUILDING
860 SILVER LAKE BLVD., SUITE 1
DOVER, DE 19904-2402

When Calling Long Distance
Toll-Free Number 1-800-722-7300
E-mail: pensionoffice@delaware.gov

Telephone (302) 739-4208
FAX # (302) 739-6129
www.delawarepensions.com

BOARD OF PENSION TRUSTEES
AUDIT COMMITTEE
PUBLIC MINUTES OF MAY 12, 2023

The meeting of the Audit Committee was called to order by Mark Finfrock, Chair, at 9:03 a.m., via video and teleconferencing.

Committee Members Present

Mark Finfrock
Stephen Ritchie
Harold Stafford
Joseph Seibert
Tom Vermeer
Kathy White

Others Present

Joanna Adams, Pension Office
Stephenie Tatman, Pension Office
Khairat Makanjuola, Pension Office
Josh Hitchens, Pension Office
Vicki Schultes, Pension Office
Ryan Connell, Deputy Attorney General

William O'Brien, Deputy Attorney General
Jim Doyle, BDO USA, LLP
Keith Hammond, BDO USA, LLP
Mike DeVitis, KPMG
Jason Freund, KPMG
Sophia Smith, Windmark Investment Partners

1. OPENING COMMENTS:

M. Finfrock welcomed everyone to the meeting, then followed with a roll call.

2. PUBLIC COMMENTS

No public comments were presented.

3. APPROVAL OF THE MINUTES:

The Audit Committee reviewed the Public Minutes of the February 10, 2023, meeting. No changes were suggested.

MOTION made by J. Seibert and seconded by T. Vermeer to approve the Public Minutes of the February 10, 2023 meeting as submitted.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the Executive Minutes of the February 10, 2023 meeting during Executive Session. No changes were suggested.

MOTION made by H. Stafford and seconded by T. Vermeer to approve the Executive Minutes of the February 10, 2023 meeting as submitted.

MOTION ADOPTED UNANIMOUSLY

MOTION made by K. White and seconded by J. Seibert to move into an Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, proprietary business information, internal audit reports, and preliminary external audit reports.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee then moved into Executive Session.

4. EXTERNAL AUDIT REPORT

The GASB 68/75 Update was reviewed in Executive Session.

5. INTERNAL AUDIT REPORT

INTERNAL AUDIT PLAN STATUS UPDATE:

The Internal Audit Report and Internal Audit Plan were reviewed in Executive Session.

MOTION made by S. Ritchie and seconded by T. Vermeer to accept the audited GASB 68 and 75 schedules presented in Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Seibert and seconded by H. Stafford to accept the Internal Audit Report presented in Executive Session.

MOTION ADOPTED UNANIMOUSLY

6. PENSION ADMINISTRATOR'S UPDATE

POSITIONS UPDATE:

J. Adams reported on vacant positions. The candidate for the Administrative Specialist III has accepted the position. We are waiting on the approval to hire two candidates for the HRIS Lead positions. The filled Limited Term HR Analyst candidates have all accepted their positions and will start in the coming weeks. The HR Analyst III position is on hold. The limited-term positions are assisting with the backlog of vested pension applications and the Enterprise Resource Planning (ERP) modernization project. The Office is also piloting a retirement centralization process. This pilot assists employees who are at the point of retirement by allowing them to meet

directly with Office of Pensions staff instead of the Human Resource (HR) representative from their agency. The Office is working with the Department of Human Resources (DHR) through the reclassification process for the Administrative Specialist II and Cash & Debt Manager, respectively.

Lastly, the Office of Pensions is concerned about the ongoing vacancy of the Cash and Debt Manager position. Working with K. Makanjuola to compile the financial report on the position would be advantageous, but this would impact her availability to the Internal Audit Director role. As the Cash and Debt Manager position is close to being reclassified, the hope is that the position will be posted and filled soon, so that K. Makanjuola can work side by side with the hired candidate. Given K. Makanjuola's transition from the Cash and Debt Manager role to the Internal Audit Director role, there will be areas of conflict in the sense that she cannot audit certain tasks that she previously had oversight of. This is in line with the independence and objectivity standards established by the Institute of Internal Auditors. The System will therefore rely on the external service provider (for internal audit) to provide oversight of these audit activities.

LEGISLATIVE UPDATE:

J. Adams provided an overview of recent legislative activity:

- SENATE BILL 42 - This Act increases the burial benefit for individuals eligible to receive a pension under the State Employees' Pension Plan (29 *Del.C.* Ch. 55) from \$7,000 to \$10,000. This has transitioned to Senate Substitute 1, and now Senate Substitute 2 for Senate Bill 42. None of the revisions impact the Office.
- HOUSE BILL 63 - This Act allows retirees to earn \$50,000 annually before their monthly pension benefits are impacted. There is no cost to the State to enact this legislation, which is currently out of (the Elections and Government Affairs) Committee in the Senate.
- HOUSE BILL 64 - This Act allows for healthcare for a new spouse of a survivor pensioner. This bill is tabled in the House Administration Committee.

RETIREE HEALTHCARE BENEFITS ADVISORY SUBCOMMITTEE (RHBAS) - This subcommittee was created to receive public comment and conduct public meetings about current and future State retiree healthcare benefits, evaluate options for continuing to provide strong State retiree healthcare benefits in a fiscally sustainable way, and issue findings and recommendations to the Governor and General Assembly. The RHBAS is currently meeting twice a month. Cheiron is providing the actuarial calculations as needed.

OTHER NEWS:

COMMUNICATIONS:

- J. Adams commended S. Tatman and the Communications Committee for their work on the Active Employees Newsletter that was published in March. Prior to this, the last Active Employees Newsletter was published in 2014. S. Tatman and the Communications Committee continually strive toward the initiative to increase communication with our members.
- An Office of Pensions mobile app will soon be available for smartphones; it is currently in the "infancy stage" of development. Users will be able to search DPERS or Delaware Pensions and the app will display. The app does not connect to live data so there are no security concerns. The app is simply a communications tool for the Office of Pensions to stay connected to our members. It is a source of information and a way to push notifications out to our members.

The Request for Proposal (RFP) for actuarial services as well as the actuarial audit has been completed.

In response to a question regarding continuing education to generate fresh ideas, J. Adams stated staff are required to complete cybersecurity training annually. From a management perspective, employees are coached when management receives feedback or information indicating our staff needs additional training. Staff

commonly enroll in the State-sponsored Human Resources Certification (HRC) program. The curriculum does not teach soft skills but does allow participants to network with other state employees through the learning process. Member Services is also developing a cross-training module so each staff member can develop multiple skillsets to gain professional knowledge, share ideas, and fill in wherever needed. Office of Pensions leadership is continually looking for ways to be more impactful.

7. DEPUTY ATTORNEY GENERAL REPORT

There was nothing to report.

MOTION made by K. White and seconded by S. Ritchie to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

8. MEETING DATES FOR 2023

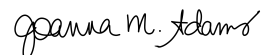
The next Audit Committee meeting is scheduled for July 14, 2023, followed by the final meeting on November 8, 2023.

9. ADJOURNMENT

At 10:26 a.m., there being no further business, **MOTION** was made by S. Ritchie and seconded by K. White to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pensions Administrator



[Mark Finfrock \(Jul 16, 2023 18:54 EDT\)](#)

Mark Finfrock, Chair
Audit Committee