



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
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BOARD OF PENSION TRUSTEES
AUDIT COMMITTEE
PUBLIC MINUTES OF MAY 10, 2024

The meeting of the Audit Committee was called to order by Mark Finrock, Chair, at 9:02 a.m., via video and teleconferencing.

Committee Members Present

Mark Finrock, Chair
Stephen Ritchie
Joseph Seibert
Harold Stafford
Tom Vermeer

Committee Members Absent

Others Present

Joanna Adams, Pension Office
Stephenie Tatman, Pension Office
Tammy LeCates, Pension Office
Josh Hitchens, Pension Office
Melanie Moore, Pension Office
Patricia Davis, Deputy Attorney General

Sophia Smith, Windmark Investment Partners
Scott Warnetski, BDO USA, LLP
Dhruvi Parikh, BDO USA, LLP
Jason Freund, KPMG
Michael Devitis, KPMG
Arian Daniels, CPA

1. OPENING COMMENTS:

M. Finrock welcomed everyone to the second Audit Committee meeting of 2024 and then followed with a roll call. J. Adams introduced T. LeCates, Executive Assistant. S. Tatman introduced A. Daniels, CPA, who will join the Office of Pensions on May 20th as the Internal Auditor.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE MINUTES:

The Audit Committee reviewed the Public Minutes of the February 9, 2024, meeting with technical corrections as noted.

MOTION made by H. Stafford and seconded by S. Ritchie to approve the Public Minutes of the February 9, 2024, meeting with changes.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the Executive Minutes of the February 9, 2024, meeting during Executive Session.

MOTION made by T. Vermeer and seconded by S. Ritchie to approve the Executive Minutes of the February 9, 2024, meeting.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Seibert and seconded by H. Stafford 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 and 75 Schedules Audit Planning Report was reviewed in Executive Session.

MOTION made by S. Ritchie and seconded by H. Stafford to approve the GASB 68 and 75 Schedules Audit Report.

MOTION ADOPTED UNANIMOUSLY

5. INTERNAL AUDIT REPORT

FY24 INTERNAL AUDIT PLAN UPDATE:

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

MOTION made by J. Seibert and seconded by H. Stafford to approve the Internal Audit Report.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Seibert and seconded by H. Stafford to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

6. PENSION ADMINISTRATOR'S REPORT

POSITIONS UPDATE:

J. Adams reported the Executive Assistant and Internal Auditor positions have been filled as introduced during opening comments. The Information Systems Manager position is on hold while the Enterprise Resource Planning (ERP) and Information Technology organizational structure is re-evaluated. The Administrative Specialist II position is temporarily on hold pending reclassification.

LEGISLATIVE UPDATE:

J. Adams shared there is no new legislation regarding the Office of Pensions ("OPen") to report. J. Adams briefly explained:

- House Bill 289, would increase the burial benefit from \$7,000 to \$8,000.
- The bulk of legislation involves healthcare. OPen does partner with the Statewide Benefits Office to draft pieces of legislation.

ERP MODERNIZATION PROJECT:

J. Adams shared our current system has been in place since 1999 and is near the end of life. There are many more robust off-the-shelf pension administration systems. The state is doing an ERP Modernization Project to integrate systems. Our RFP to secure a new pension administration system has been reviewed and we are in the final review stage for publishing. M. Finfrock suggested that the new Internal Auditor have a part in this project to provide an active independent review of this project. M. Finfrock recommended that we add a time element of the function of that audit plan. J. Adams agreed.

BOARD OF PENSION TRUSTEES UPDATE:

J. Adams shared highlights of the February, March, and April Board of Pension Trustee meetings. In February, Soloman Adote, DTI's Chief Security Officer, presented the annual Cybersecurity update. The Town of Frederica was approved to join the County and Municipal Police/Firefighter Pension Plan and discussions took place regarding the role of the Governance Committee.

In March, the Town of Delmar was approved to join the County and Municipal General Pension Plan. In April, the Board reviewed the quarterly statistics of performance metrics for the Office of Pensions. Also, there was an in-depth discussion regarding Securities Litigation where the Board requested presentations by 2 or 3 reputable law firms specializing in Securities Litigation.

In each of those meetings, there were updates regarding the Legislative Pension Plan issues. In summary, a Compensation Commission Report issued in 1997 changed eligibility and pension calculation for legislators elected on or after 2/1/1997 but the Delaware Code never reflected the change. In June 2011, legislation passed that changed eligibility and pension calculation for legislators elected after January 1, 2012. Because the Compensation Commission Report was never codified in 1997, the legislative change in 2011 supersedes the Compensation Commission Report. After legal review and guidance, the Office of Pensions updated pension payments for all legislators elected between February 1997 and January 1, 2012.

S. Ritchie asked if there were any new GASB reporting requirements. J. Adams stated that we are not expecting anything that would significantly impact our financial statements.

7. DEPUTY ATTORNEY GENERAL REPORT

There was nothing to report in public session.

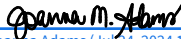
8. ADJOURNMENT

At 10:06 a.m., there being no further business:

MOTION was made by H. Stafford and seconded by J. Seibert to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,


Joanna Adams (Jul 24, 2024 15:33 EDT)

Joanna M. Adams
Pensions Administrator


Mark Finfrock (Aug 2, 2024 14:54 EDT)
Mark Finfrock, Chair
Audit Committee