



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
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BOARD OF PENSION TRUSTEES
AUDIT COMMITTEE
MEETING MINUTES OF APRIL 29, 2013

Audit Committee Members Present

Helen R. Foster, Chair
Mark Finfrock
James Burke
Robert L. Paretta
Steve Ritchie
Araya Debessay

Audit Committee Members Not Present

All present

Others Present

David Craik, Pension Office
Wade Sallings, Pension Office
Jeffrey Hoover, Pension Office
Kathy Kunkle, Pension Office
Ann Marie Johnson, DAG
Garry Musto, Ashford Consulting

KPMG

Arthur Ayres
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 9:38 a.m.

2. APPROVAL OF THE MINUTES

The Audit Committee reviewed the public minutes of the October 12, 2012 meeting.

MOTION made by J. Burke and seconded by M. Finfrock to approve the public minutes of the Audit Committee Meeting from October 12, 2012.

MOTION ADOPTED UNANIMOUSLY

The Audit Committee reviewed the executive minutes of the October 12, 2012 meeting.

MOTION made by M. Finfrock and seconded by S. Ritchie to approve the executive minutes of the Audit Committee Meeting from October 12, 2012.

MOTION ADOPTED UNANIMOUSLY

3. PENDING ITEMS (OLD BUSINESS)

No items to report.

4. FISCAL YEAR 2013 AUDIT DISCUSSION AND TIMELINE

Staffing for KPMG's fiscal year 2013 includes Joseph Seibert, Engagement Partner; Robert Steen, Concurring Review Partner; Arthur Ayres, Senior Manager.

KPMG anticipates it will start the audit of the First State Independence Fund LLC (FSIF) and the Delaware Public Employees' Retirement System (DPERS) in May 2013.

The Audit Committee and KPMG discussed the upcoming audit process. KPMG provided a handout that detailed the procedures to be used by KPMG in the Fiscal Year 2013 DPERS audit. KPMG explained that it gives reasonable, but not absolute assurance that the financial statements are free of material misstatements.

Dr. Debessay asked Mr. Seibert of KPMG if they used confirmation.com for their confirmation process. Mr. Seibert indicated that they did not use it.

Mr. Ritchie inquired as to whether the Pension Office has an internal audit function. Mr. Seibert indicated that there was no formal internal audit function, but that this is not an impediment to KPMG's audit process.

Dr. Debessay inquired as to how the Pension Office tracks deaths of pensioners. Dave Craik responded that the Pension Office uses a contractual service and that data is provided bi-annually. Additionally, pension office staff conducts daily reviews of news source obituaries.

A discussion of the actuary process and the nature of the audit review of that process was undertaken.

A discussion was held regarding the effects of GASB 67 and 68 on the DPERS audit in Fiscal Year 2014 and 2015.

W. Sallings gave an update on the General Ledger system. The General Ledger is being utilized and audited as the book of record for the second fiscal year.

6. NEW BUSINESS

No items to report.

7. PROPOSED FUTURE 2013 AUDIT COMMITTEE DATES

Audit Committee member will be provided dates for a meeting in October 2013.

At 10:35 a.m. there being no further business,
MOTION was made by A. Debessay and
seconded by R. Paretta 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
Ann Marie Johnson