



The Commonwealth of Massachusetts
Office of the State Treasurer
Defined Contribution Plans
Boston, Massachusetts 02108-1608

Deborah B. Goldberg
Treasurer and Receiver General

David Lynch
Executive Director

NOTICE OF MEETING
DEFERRED COMPENSATION AUDIT ADVISORY BOARD

In accordance with §§18-25 of Chapter 30A of the Massachusetts General Laws, 940 CMR 29.03, and Chapter 107 of the Acts of 2022 notice is hereby given of a meeting of the Deferred Compensation Audit Advisory Board to be held at the following time and location:

Thursday, February 8, 2024
2:00 p.m.

Join Zoom Meeting
<https://us06web.zoom.us/j/88489148451?pwd=SqrYH4g7a48R2Ja77ELZqhbVKezM.1>

Meeting ID: 884 8914 8451
Passcode: 720200
One tap mobile
+16465588656,, 88489148451 #,,, *720200# US (New York)
+13017158592,, 88489148451 #,,, *720200# US (Washington DC)

(Agenda Items expected to be discussed are attached)

Note: Remote meeting participants should contact Joel Massa, Operations Associate, Defined Contribution Plans, at (857) 310-0861 or at joel.m.massa@tre.state.ma.us if there are any difficulties accessing the meeting conference call line.



Agenda

Deferred Compensation Plan Audit Advisory Board February 8, 2024, 2:00 PM

Join Zoom Meeting

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- I. Approval of the October 6, 2022 Meeting Minutes
- II. Review of 2022 Audit Report UHY, LLP
 - Review of Financials
 - Recommendations
 - Q&A
- III. Public Comment
- IV. Miscellaneous
- V. Other Business – Reserved for Matters the Chair did not Reasonably Anticipate at the Time of Posting
- VI. Close Meeting

Office of the State Treasurer and Receiver General
Commonwealth of Massachusetts Employees Deferred Compensation Plan
Audit Advisory Board Meeting Minutes
February 8, 2024

The Audit Advisory Board (the “Advisory Board”) for the Commonwealth of Massachusetts Employees Deferred Compensation Plan (“Plan”) met, pursuant to notice, on February 8, 2024, via video conference. Present for all or part of the meeting were Sue Perez, Advisory Board Chair and Board Member, Henry Clay, and Chet Riley.

Also present: Ivana Ritz, CPA Manager; UHY; Thomas Rey CPA Engagement Principal, UHY; Karen Guida, Treasury Internal Auditor; Kathleen McNamara, Treasury Internal Auditor; Edrige Achille, Treasury Internal Auditor; Sandra DeSantis Lynch, Deputy General Counsel; David Lynch, Executive Director, Defined Contribution Plans; Laura Rooney, Director of Operational Compliance & Strategic Communications, Defined Contribution Plans; Joel Massa, Operations and Audit Analyst, Defined Contribution Plans; Natasha Ralph, Operations Associate, Defined Contribution Plans. Robert Sheridan, Deferred Compensation Committee Chair; and Deferred Compensation Committee member John Curran also attended the meeting as members of the public.

The following materials, used throughout the meeting, were distributed in advance:

1. Agenda for the February 8, 2024, Audit Advisory Board Meeting;
2. Minutes of the October 6, 2022, Audit Advisory Board Meeting;
3. UHYs Audit Presentation for Plan Year 2022 (“Audit Presentation”);
4. Financial Statements for Plan Year 2022 for the 457 Deferred Compensation Plan; and
5. Management Letter for Plan Year 2022 for the 457 Deferred Compensation Plan.

Call to Order:

With all Board Members present to establish quorum, Ms. Perez called the meeting to order at 2:02 p.m. Ms. Perez welcomed everyone in attendance at the meeting and briefly introduced Board Members Mr. Clay and Mr. Riley. Mr. Riley attended the meeting at 2:13 p.m.

Ms. Perez noted that the meeting was being conducted via video conference in accordance with Chapter 107 of the Acts of 2022, which permits remote participation by all Board members via the use of adequate alternative means, such as a conference call line or in this case Zoom, to ensure public access to the deliberations of the Board. All votes taken will be by roll call. Ms. Perez advised attendees of the recording parameters under the Open Meeting Law M.G.L. c. 30A, §§ 18-25 and applicable regulations. Ms. Perez conducted a roll call of the meeting attendees with everyone providing a brief introduction and confirming attendance. Ms. Perez inquired if anyone present was recording the session to please make note. No person identified themselves as making a recording.

Ms. Perez asked for a motion to approve the minutes of the prior meeting held on October 6, 2022. Mr. Clay made a motion to approve, seconded by Ms. Perez. On roll call Mr. Clay and Ms. Perez confirmed approval of the October 6, 2022, meeting minutes.

Ms. Perez then invited UHY to give a presentation of the Audit of the Plan for Calendar Year 2022.

Mr. Rey introduced himself to the board and would take the lead introduction in the Audit of the Plan for the Calendar Year 2022. Mr. Rey directed the Advisory Board’s attention to the Audit Presentation (visible on

everyone's computer screen). Referring to the Audit Presentation agenda, Mr. Rey noted that his discussion would primarily serve as an overview of the Audit for the Advisory Board. Mr. Rey discussed the scope of the Audit was to express a clean and unmodified opinion of the financial statements for Plan Year 2022 and that UHY plans and performs the Audit to obtain reasonable assurance about whether the financial statements are free of material misstatements, in accordance with U.S. Generally Accepted Auditing Standards (U.S. GAAP). The Independent Auditors' Report on Internal Control and Compliance showed no significant findings reported and the Governance Communication Letter was distributed as part of the meeting materials to the board. Mr. Rey started with UHY's agenda and provided an overview of the financial highlights to be discussed along with the 2022 audit results. Mr. Rey made note to the Fiduciary Net Position had decreased when compared to 2021 and 2020. Mr. Rey stated the cause is contributable to market volatility experienced in 2022. Mr. Rey made note that in 2023 the markets had a stable uptick in market value and feels this will be visible in terms of 2023 reporting. Mr. Rey went over the 2022 audit results and in his findings stated that no significant deficiencies, weaknesses, and no material findings were identified during the 2022 audit. Mr. Rey described each of the Required Governing Body Communications, which are to provide independent auditors' report, report on internal control report and governance communication for significant findings.

In addition to commenting no significant findings were present that the reporting date of completion is confirmed to be December 19, 2023. Mr. Rey expressed that UHY would like to expedite 2023 audit results and target a 12-month timing of completion of audit reporting. Mr. Lynch noted departmental staffing contributed to timing of completion. Mr. Lynch made note to Mr. Rey's estimate of completion and agrees to an early completion of the 2023 auditing report for our internal audit for the Commonwealth Defined Contribution Plan. The board members also agreed upon the timing of completion.

Mr. Rey ended his presentation by going into Governance Communications and stated financial statement disclosures were neutral, consistent, and clear. There were no past adjustments made and no disagreements with management or significant matters discussed. Mr. Rey noted there were no miscommunications or discrepancies between all parties involved with producing supporting audit materials.

On the Governance Letter, Mr. Clay noted to the Advisory Board that the letter contained language that correlated to change in total and net pension liability. Mr. Clay noted this should not be present for the SMART Plan and this language should be removed and an updated letter to be sent. In response to Mr. Clay's call for updates, Mr. Rey also agreed and would take this away for updating within his team to ensure the letter speaks to the SMART Plan with no issues in terminology. Additionally, Mr. Clay asked referencing the Governance Letter dated December 19th, under the accounting estimates, what structure in the Stable Value Fund causes the term of substantial judgements by management to be used. Mr. Rey stated the financial statements are owned by management, currently there are no issues or concerns with the estimates.

Mr. Sheridan asked a question referencing page two from the prior meeting minutes dated October 6, 2022, related to mention of Karen Guida's departure, and inquired whether there were there any challenges with this period's audit. Mr. Lynch answered, and stated the audit team had ample coverage as Karen Guida returned post-retirement and is assisting Kathleen McNamara with the audit.

Ms. Perez thanked UHY for the presentation. Ms. Perez asked if there were any additional questions for UHY. There being none, all members voiced their appreciation at the meeting and the work being performed on the audit.

With no further questions or comments, Ms. Perez asked for a motion to adjourn. Mr. Clay moved to adjourn the meeting and Ms. Perez seconded the motion. The Advisory Board Meeting was adjourned at 2:30 p.m. via roll call: Mr. Clay, Mr. Riley, and Ms. Perez.