North Carolina Retirement Systems
NC 401(k) & NC 457 Plans

Draft MINUTES
AUDIT SUBCOMMITTEE OF THE NORTH CAROLINA SUPPLEMENTAL RETIREMENT BOARD OF TRUSTEES

The meeting of the Audit Subcommittee was called to order at approximately 11:00 a.m. on July 10, 2025, by the Acting Chair and Executive Director, Retirement Systems Division, Sam Watts. The meeting was held in a hybrid format, with people attending virtually or in person, in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The Acting Chair indicated there would be a public comment period for organizations and individuals to address the Subcommittee later in the agenda.

Members Present
Audit Subcommittee members attending in person: Sam Watts, Acting Chair

Audit Subcommittee members attending virtually: Steve Beam, Robert Hillman and Bob Shea.

Members Absent
Treasurer Brad Briner

Guests Present
Guests attending in person: Thomas R. Rey, Jr. from UHY.

Guests attending virtually: None.

Department of State Treasurer Staff Present
Staff members attending in person: Shanta Bowley, Kris Byrd, Reid Chisholm, Patti Hall, Jeff Hancock, Kristin Merrick, Chris Morris, Kevin SigRist, and Brandon Watson.

Staff members attending virtually: Derek Gee.

The Acting Chair called the meeting to order and reminded members that since this meeting is being held in a hybrid format, members must announce their names when they arrive, when they depart, and when speaking. In addition, he explained that making a motion will be assumed to be a vote for the proposal, unless there is an objection, and all votes will be taken by roll call. He stated that today's meeting is being recorded as part of the Department of State Treasurer's (DST) initiative to increase government transparency.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest
The Acting Chair asked, pursuant to the ethics rules, about Subcommittee members' potential, or actual or the appearance of a conflict of interest. No conflicts of interest were identified by the Subcommittee members.

Initial Presentation for the 2024 Audit of the NC 401(k) and NC 457 Plans
The Acting Chair recognized Mr. Thomas Rey, Partner, UHY, to present the auditor's report and the financial statements for the NC 401(k) and NC 457 Plans (included in the Board's materials).

Mr. Rey reviewed the results of the financial statements audit and said the results are unmodified which means the statements are represented fairly, in all material aspects and conform with the U.S. Generally Accepted Accounting Principles (GAAP) and no opinion was rendered on management's discussion of the financial statements and the footnotes. He added there were no material weaknesses or significant deficiencies in the report on internal control over financial reporting, compliance, and other matters.

Mr. Rey said management was very cooperative and professional during the audit process and there were no concerns. He added management didn't consult with other accountants on the application of GAAP or GAAS.

Mr. Rey thanked staff for their hard work in getting the documents for the audit and said a representation letter will be signed by management to ratify the audit.

Mr. Rey said a sample of employees were used from 25 employers in the annual employer testing, which includes approximately 10 of the largest employers. The nature of the testing involves recalculating employee and employer contributions, verifying that these contributions were included in the contributions remitted to the recordkeeper, comparing total employee and employer contributions to the employer's general ledger, and comparing total remittance of employee and employer contributions for the pay period under review to the bank statement. He concluded there were no significant findings.

The Acting Chair entertained a motion to approve the 2024 financial statements for the NC 401(k) and the NC 457 Plans. Mr. Shea so moved, and Mr. Beam seconded. The motion passed by a unanimous roll call vote of 4-0.

Mr. Hancock thanked Brandon Watson, the Chief Financial Officer at DST and his staff for their hard work in getting the financial statements ready for the audit.

Public Comments
No comments were offered.

Audit Subcommittee Comments
The Acting Chair thanked everyone for participating.

Adjournment
There was no further business before the Audit Subcommittee. Mr. Shea moved to adjourn the meeting and Mr. Beam seconded. The motion passed by a unanimous roll call vote of 4-0. The meeting was adjourned at 11:14 a.m.

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Chair

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Secretary