



North Carolina
Total Retirement Plans

| 401k | 457

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The North Carolina Supplemental Retirement Plans
Audit Sub-Committee Presentation
by
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Agenda

- Introductions
- Industry Knowledge
- Audit Segmentation
- Audit Methodology



Deep Industry Knowledge

- CLA's Governmental Retirement Plan Team currently provides audit and consulting services to more than 20 state and local governmental defined contribution plans across the country. In addition, the key personnel assigned to this engagement focus almost exclusively on governmental benefit plans. The knowledge gained from specializing in this unique niche enables our professionals to provide extraordinary service to our governmental DC clients coupled with methodologies which enhance efficiencies and quality.

Audit Segmentation

- Phase 1 – Planning, evaluation and testing of internal controls
- Phase 2 – Analytical review of balances, confirmations, participant level testing, and employer level testing
- Phase 3 – Reporting and meetings with management and those charged with governance

Audit Methodology – Internal Control

- Obtain an in-depth understanding of all key processes of the entity through discussions with management and review of the TPA SSAE 16 Report
- Based on our understanding obtained we will develop a risk based audit approach to effectively reduce audit risk to an acceptably low level
- Perform tests of design of key processes identified
- Perform tests of effectiveness over contributions, distributions, and participant data
- Perform employer audits
 - Accurate remittance of contributions to TPA
 - Timely remittance of contributions to TPA
 - Remitted contributions did not exceed IRS limitations
 - Participant data reported to TPA completely and accurately

Audit Methodology – Substantive Testing

- Investments
 - Confirmation with TPA, custodial bank and investment managers
 - Valuation testing
 - Analytical procedures over investment and interest income
 - Analytical procedures over investment expenses
- Contributions
 - Confirm contributions with a sample of employers
 - Analytical procedures over contributions
 - Reconciliation of contribution detail to trial balance
- Distributions
 - Analytical procedures over distributions
 - Reconciliation of distribution detail to trial balance
- Administrative Expenses
 - Analytical procedures over administrative expenses



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