



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 3:00 p.m. EST on February 14, 2022, by the Chair, State Treasurer Dale R. Folwell, CPA. The meeting was held in a hybrid format, with most people attending virtually or in person, in the Dogwood Conference Room of the Longleaf Building at 3200 Atlantic Avenue, Raleigh, NC 27604. The 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: None.

Audit Subcommittee members attending virtually: Treasurer Dale R. Folwell, Melinda Baran, Steven Beam, and Michael Lewis.

Members Absent

No subcommittee members were absent.

Guests Present

Guests attending in person: Jason Ostroski from CliftonLarsonAllen.

Guests attending virtually: Tonia Shultz from CliftonLarsonAllen.

Department of State Treasurer Staff Present

Staff members attending in person: Thomas Causey, Reid Chisholm, Zora Falkowski, Patti Hall, Jeff Hancock, Alan Jaquith, Kristin Merrick, and Christopher Morris.

Staff members attending virtually: Joan Fontes, Derek Gee, Fran Lawrence, and Paul Palermo.

The 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 and that 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 initiative to increase government transparency.

Ethics Awareness and Identification of Conflicts or Potential Conflicts of Interest

The Chair asked, pursuant to the ethics rules, about subcommittee member conflicts of interest. No conflicts of interest were identified by the subcommittee members.

2021 Audit Entrance Presentation for the NC 401(k) and NC 457 Plans

The Chair recognized Mr. Jason Ostroski with CliftonLarsonAllen (CLA) to present the audit plan for the NC 401(k) and NC 457 Plans (included in the Board's materials). Mr. Ostroski introduced himself as the new engagement principal for CLA. Mr. Ostroski commented that he worked very closely with Mr. Rey over the past ten years in CLA's governmental retirement plans department

and noted that he was the audit manager for the first two years CLA audited the North Carolina Supplemental Retirement Plans.

Mr. Ostroski reviewed CLA's background and noted that the Governmental Retirement Plan Team is a specialized group, which provides audit and consulting services to more than 20 state and local governmental benefit plans. The key personnel on the CLA audit team for this engagement focus almost exclusively on governmental benefit plans.

Mr. Ostroski reviewed the overall scope and methodology of CLA's engagement, which will include an opinion on the fair presentation of the financial statements and reasonable assurance as to whether the financial statements are free of material misstatements. He said the audit begins this month and will wrap up in July.

In response to a question regarding findings from last year's audit, Mr. Ostroski commented that employer testing each year includes the 10 largest employers in the state, plus another 15 employers chosen at random on a rotating basis. He said CLA would not re-test an employer from the previous year's audit unless they uncovered a major issue. He also stated that there have been no significant changes to audits within the industry. Mr. Ostroski added that CLA will check to verify that IRS rules for Covid-19 distributions related to the CARES (Coronavirus Aid, Relief, and Economic Security) Act were followed.

Audit Subcommittee Comments

The Treasurer thanked everyone for their attention to the audit.

Public Comments

No comments were offered.

Mr. Thomas Causey thanked everyone for participating and announced the next quarterly SRP Board of Trustees meeting will be held on Thursday, February 24, 2022, at 9:00 a.m. EST.

Adjournment

There being no further business before the Subcommittee, Mr. Beam moved to adjourn the meeting and Ms. Baran seconded. The motion passed by a unanimous roll call vote of 4-0. The meeting adjourned at 3:20 p.m. EST.

Chair

Secretary