



NORTH CAROLINA  
DEPARTMENT OF STATE TREASURER  
STATE AND LOCAL GOVERNMENT FINANCE DIVISION  
AND THE LOCAL GOVERNMENT COMMISSION

---

JANET COWELL  
TREASURER

T. VANCE HOLLOMAN  
DEPUTY TREASURER

**Memorandum #2010-27**

**TO:** All Local Governments and Public Authorities Participating in the Supplemental Retirement Income Plan of North Carolina (the 'NC 401 (k) Plan')

**FROM:** Sharon Edmundson, Director, Fiscal Management Section

**SUBJECT:** Audit of NC 401(k) Plan for the Year Ended December 31, 2009

**Date:** April 15, 2010

Each year, the NC 401(k) Plan is audited by an independent audit firm under contract with the State to provide those services. The audit firm for the year ended December 31, 2009, is PricewaterhouseCoopers LLP (PwC). As part of the required audit procedures to be performed for these types of plans, PwC will be performing testing of selected controls and payroll records at certain payroll centers for the units of government participating in the NC 401(k) plan.

Testing at certain sites is scheduled to begin the week of May 3, 2010, and the final locations are scheduled to be completed by the end of May. Staff from PwC will contact the selected units to schedule a time to begin the work with each unit. There are approximately 36 payroll sites selected for full onsite testing, including 28 units of local government. All units will be asked to submit payroll information to PwC in a manner that is similar to what was required in past audits. For selected locations, PwC will require a payroll register in advance of the scheduled site visit. On the scheduled visit date, for selected employees (provided to the units prior to the visit date), PwC will require evidence of date of birth, date of hire, contribution elections, approved pay rate and time sheets for hourly employees. In addition, if maintained on site, enrollment forms and contribution deferral election forms will be required.

Some testing also will be performed using a sample of participants pulled from the participant records at Prudential, the Plan's third party administrator. Testing on this sample will flow back to the payroll center from which the participant is paid, so additional units may be subject to additional testing as a part of these procedures.

It is essential to the State and to the NC 401(k) Plan that the payroll testing be completed in a timely manner. Those of you selected for testing will be contacted directly by PwC. We thank everyone in advance for their cooperation in this endeavor. Please contact Sharon Edmundson at (919) 807-2380 or via email at [sharon.edmundson@nctreasurer.com](mailto:sharon.edmundson@nctreasurer.com) with any questions you may have, or you may contact Jeanette Kuchenreuther with PricewaterhouseCoopers LLP at (919) 755-3098 or via email at [jeanette.kuchenreuther@us.pwc.com](mailto:jeanette.kuchenreuther@us.pwc.com).