Compliance, Risk, and Ethics Committee Updates

- Insider and Personal Trading Policy: Implemented ACA's personal trading platform
- Enhanced AML diligence: Implementing ACA's AML platform for pre-trade diligence and ongoing monitoring
- Ethics hotline
- Review of financial statements audit (N.C.G.S. §§ 147-69.9 and 147-71.2)
- Compliance calendar (appendix)

Board Charter and Policy Update

- Annual Review of Board Charter and Policies

- Board Charter and Policies
  - Board Charter – Annual Review
  - Investment Transaction Disclosure Policy – Proposed Amendments for Board Approval

- CIO Policies Adopted, Revised, or Reviewed since August
  - Divestment and Contract Prohibition Policy
  - Investment Manager and Vehicle Selection Policy
  - OFAC Policy
  - Proxy Voting Policy

Investment Transaction Disclosure Policy

- Tailor manager's disclosures and NCIA's review to level of risk
  - More streamlined initial disclosures and review
  - Additional disclosure and review as warranted

- Allow more flexibility in contractual remedies
  - Withdrawal from the fund
  - Transfer of interest in the fund
  - Refund of management fees and compensation paid by the fund

- Clarify the policy's application to continuation vehicles and direct investments
  - Policy applies
  - But disclosure form generally not required

N.C.G.S. § 147-69.9: FY2026 Audit Summary

Statutory requirements

- Annual statements: State Treasurer, assisted by NCIA, issues consolidated stand-alone statements for §§ 147-69.1 and 147-69.2 investments.
- Independent audit: State Treasurer selects and engages a commercial independent firm in consultation with NCIA.
- Within six months, submit the statements and audit report to recipients specified in § 147-69.9.
- NCIA provides substantive discussion for the MD&A
- Investment risk/benchmark returns, total management and incentive fees, peer cost benchmarks included in report

FY2025-26 UHY audit opinion

- UHY issued an unmodified opinion on the Investment Programs FY2026 statements.
- UHY concluded the statements fairly present, in all material respects, under U.S. GAAP. Audit followed GAAS and Government Auditing Standards.
- Net position at June 30, 2026: $198.0B ($194.7B Pool; $1.9B BIF; $1.3B EIF).

Compliance Calendar for 2026

		Board/Member Action	Recipient(s)	Source(s)
Q1	Staff Reports			
	Monthly Investment Performance Report	None	Website, NCGA, & Council of State	NCGS 147-69.12(a1)
	Board Materials			
	Quarterly liquidity review	Review	Internal	NCGS 147-71.2(a)(6)a.
	Review of Board-approved policies	Review	Website	Charter & NCGS 147-71.2(a)(2)
	Member requirements			
	Annual fiduciary training	Attend training	None	Charter
Q2	Staff Reports			
	Monthly Investment Performance Report	None	Website, NCGA, & Council of State	NCGS 147-69.12(a1)
	Annual report on NCIA's salaries and bonuses	None	NCGA	NCGS 147-71.2(d)
	Board Materials			
	Quarterly liquidity review	Review	Internal	NCGS 147-71.2(a)(6)a.
	Annual budget	Approve	NCGA	NCGS 147-71.2(b)
	Member requirements			
	Statement of Economic Interest	File SEI	Ethics Commission	NCGS 138A-22(a)
	Ethics and Lobbying Education for Public Servants	Attend training	Ethics Commission	NCGS 138A-14(c)
	Board term expiration (June 30): Dan Ward	None	Senate	NCGS 147-71.1(a)(3)
Q3	Staff Reports			
	Monthly Investment Performance Report	None	Website, NCGA, & Council of State	NCGS 147-69.12(a1)
	Board Materials			
	Quarterly liquidity review	Review	Internal	NCGS 147-71.2(a)(6)a.
	Expenditures for prior fiscal year	None	NCGA	NCGS 147-71.2(b)
	Member requirements			
	None			
Q4	Staff Reports			
	Monthly Investment Performance Report	None	Website, NCGA, & Council of State	NCGS 147-69.12(a1)
	Performance and Fees Report	None	Website, NCGA, & Council of State	NCGS 147-69.12(a1)
	MD&A for the audit	None	Treasurer's audit and ACFR	NCGS 147-69.9(b)
	Board Materials			
	Quarterly liquidity review	Review	Internal	NCGS 147-71.2(a)(6)a.
	Certification of illiquid investments	Approval	Internal	NCGS 147-71.2(a)(6)a.
	Audit of financial statements	Review	Website & ACFR	NCGS 147-69.9(b)
	Cost and performance benchmarking report	Review	Website	NCGS 147-71.2(a)(2)g.
	Member requirements			
	None			