

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE DRS25097-ML-10 (10/09)

Short Title: State Depts. & Agencies/Required Audits. (Public)

Sponsors: Senators Tarte, J. Davis, and B. Jackson (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE ANNUAL FINANCIAL AUDITS OF CERTAIN STATE
3 DEPARTMENTS AND BIENNIAL FINANCIAL AUDITS OF ALL OTHER STATE
4 DEPARTMENTS AND AGENCIES.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 147-64.4 reads as rewritten:

7 "§ 147-64.4. Definitions.

8 The words and phrases used in this Article have the following meanings:

9 (1) "~~Audit~~".Audit. – An independent review or examination of government
10 organizations, programs, activities, and functions. The purpose of an audit is
11 to help ensure full accountability and assist government officials and
12 employees in carrying out their responsibilities. The elements of such an
13 audit are:

14 ...

15 (2) "~~Accounting system~~".Accounting system. – The total structure of records
16 and procedures which discover, record, classify, and report information on
17 the financial position and operating results of a governmental unit or any of
18 its funds, balanced account groups, and organizational components.

19 (3) "~~Federal agency~~".Federal agency. – Any department, agency, or
20 instrumentality of the federal government and any federally owned or
21 controlled corporation.

22 (3a) Principal State department. – Any of the following State departments,
23 including any divisions or other subunits of the departments:

24 a. Department of Health and Human Services.

25 b. Department of Public Instruction.

26 c. Department of Public Safety.

27 d. Department of Revenue.

28 e. Department of State Treasurer.

29 f. Department of Transportation.

30 (4) "~~State agency~~".State agency. – Any department, institution, board,
31 commission, committee, division, bureau, officer, official or any other entity
32 for which the State has oversight responsibility, including but not limited to,
33 any university, mental or specialty hospital, community college, or clerk of
34 court."

35 SECTION 2. G.S. 147-64.6(c)(2) reads as rewritten:

36 "(c) The Auditor shall be responsible for the following acts and activities:



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(2) Financial and compliance audits may be made at the discretion of the Auditor without advance notice to the organization being ~~audited~~-audited, provided that the Auditor shall conduct a financial audit of (i) all principal State departments annually and (ii) all other State departments and agencies once every two years. The format for the financial audits required under this subdivision shall be determined through consultation with the Office of the State Controller, and the Auditor is authorized to charge and collect from each State department or agency the actual costs of this required audit work. Audits of economy and efficiency and program results shall be discussed in advance with the prospective auditee unless an unannounced visit is essential to the audit."

SECTION 3. This act becomes effective January 1, 2016.