

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

H

1

HOUSE BILL 233

Short Title: State Auditor/Various Amendments.-AB (Public)

Sponsors: Representatives Riddell, Cleveland, Floyd, and Barnes (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: State and Local Government, if favorable, Judiciary, if favorable, Rules, Calendar,
and Operations of the House

March 4, 2019

A BILL TO BE ENTITLED

AN ACT TO REQUIRE A NON-STATE ENTITY THAT RECEIVES STATE FUNDS TO POST THE OFFICE OF THE STATE AUDITOR'S HOTLINE, TO ALLOW THE OFFICE OF THE STATE AUDITOR TO DETERMINE THE LENGTH OF TIME THAT A STATE AGENCY MAY RESPOND TO AN AUDIT OF ECONOMY AND EFFICIENCY OR AN AUDIT OF PROGRAM RESULTS, TO EXPAND THE TYPE OF RECORDS THE OFFICE OF THE STATE AUDITOR MAY SHARE WITH STATE AND FEDERAL AGENCIES, TO CLARIFY THAT THE PRODUCTION OF DOCUMENTS TO THE OFFICE OF THE STATE AUDITOR DOES NOT WAIVE THE ATTORNEY-CLIENT OR ATTORNEY WORK-PRODUCT PRIVILEGES, AND TO CLARIFY THAT THE OFFICE OF THE STATE AUDITOR IS NOT REQUIRED TO ADOPT UNNECESSARY RULES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 143C-6-23(g) reads as rewritten:

"(g) Audit Oversight. – The State Auditor has audit oversight, with respect to grant funds received by the grantee or subgrantee, pursuant to Article 5A of Chapter 147 of the General Statutes, of every grantee or subgrantee that receives, uses, or expends grant funds. A grantee or subgrantee ~~must, shall,~~ upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of grant funds received by the grantee or subgrantee. The grantee or subgrantee ~~must shall~~ furnish any additional financial or budgetary information requested by the State Auditor, including audit work papers in the possession of any auditor of a grantee or subgrantee directly related to the use and expenditure of grant funds. The grantee or subgrantee shall post conspicuously in its office the State Auditor's hotline telephone number, as described in G.S. 147-64.6B(a)."

SECTION 1.(b) This section becomes effective July 1, 2019.

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

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

...

(13) At the conclusion of an audit, the Auditor or the Auditor's designated representative shall discuss the audit with the official whose office is subject to audit and submit necessary underlying facts developed for all findings and recommendations which may be included in the audit report. On audits of economy and efficiency and program results, the auditee's written response shall be included in the final report if received within 15 to 30 days from receipt of the draft report. The length of time shall be determined by the



1 Auditor and shall be commensurate with the number and complexity of the
2 findings.

3 "

4 **SECTION 3.** G.S. 147-64.6(d) reads as rewritten:

5 "(d) Reports and Work Papers. – The Auditor shall maintain for 10 years a complete file
6 of all audit reports and reports of other examinations, investigations, surveys, and reviews issued
7 under the Auditor's authority. Audit work papers and other evidence and related supportive
8 material directly pertaining to the work of the Auditor's office shall be retained according to an
9 agreement between the Auditor and State Archives. To promote intergovernmental cooperation
10 and avoid unnecessary duplication of audit effort, and notwithstanding the provisions of
11 G.S. 126-24, pertinent work papers and other supportive material related to ~~issued audit reports~~
12 an audit or investigation made pursuant to this section may be, at the discretion of the Auditor
13 and unless otherwise prohibited by law, made available for inspection by duly authorized
14 representatives of the State and federal government who desire access to and inspection of ~~such~~
15 the records in connection with some matter officially before them, including criminal
16 investigations.

17 Except as provided in this section, or upon an order issued in Wake County Superior Court
18 upon 10 days' notice and hearing finding that access is necessary to a proper administration of
19 justice, audit work papers and related supportive material shall be kept confidential, including
20 any interpretations, advisory opinions, or other information or materials furnished to or by the
21 Bipartisan State Board of Elections and Ethics Enforcement under this section."

22 **SECTION 4.** G.S. 147-64.7 is amended by adding a new subsection to read:

23 "(d) No Waiver. – The production of documents or information required by this section
24 does not constitute a waiver or an impairment of the attorney-client privilege or the attorney
25 work-product privilege."

26 **SECTION 5.** G.S. 147-64.9 reads as rewritten:

27 **"§ 147-64.9. Rules and regulations. Rules.**

28 The Auditor shall make and enforce ~~such reasonable~~ only those rules and regulations as are
29 that the Auditor determines are reasonably necessary for the operation of his-the Auditor's office.
30 The Auditor shall install an adequate accounting system for ~~his-the~~ office and shall keep or cause
31 to be kept a complete, accurate, and adequate record of all fiscal transactions of ~~his-the~~ office."

32 **SECTION 6.** Except as otherwise provided, this act is effective when it becomes
33 law.