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

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

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

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

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

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

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

"§ 147-64.9. Rules and regulations.

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

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