North Carolina
Office of the State Auditor

Departmental Overview

Joint Appropriations Committee on General Government

March 5, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Authorizing Laws & Responsibilities
- Mission & Vision Statement
- Budget Overview
- Audit Types
- Information Requested

Office of the State Auditor Authorizing Laws & Responsibilities

- NC Constitution Article III
  - Section 7: Officer of the State, election terms
  - Section 8: Council of State

- Article 3, § 143A-24: Creation of the Office

Office of the State Auditor Authorizing Laws & Responsibilities

- Article 5A, § 147-64.6: Duties and responsibilities
- § 147-64.6B: Reports of improper governmental activities
- § 147-64.7: Authority

Office of the State Auditor Mission & Vision

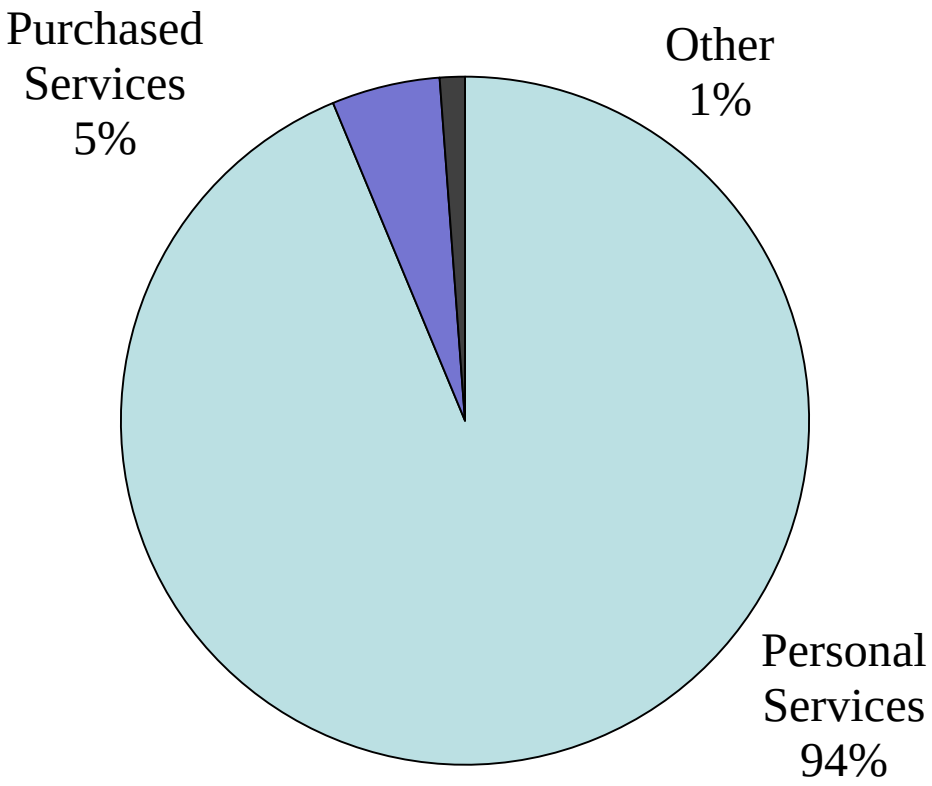
- Mission: "We protect the interests of taxpayers and others who provide financial resources to the State of North Carolina. Specifically, we provide objective information to interested parties about whether state resources are properly accounted for, reported, and managed; as well as whether publically-funded programs are achieving desired results."

- Vision: "The Office of the State Auditor seeks to be a highly respected, professional, and productive audit organization that makes a difference in state government. The office wants its employees to be highly competent team players who enjoy their work and feel successful in their careers, while at the same time maintaining a work/life balance that allows them to have fulfilling personal lives."

Office of the State Auditor Budget Overview

	FY 2010-11 Actual Budget	FY 2011-12 Actual Budget	FY 2012-13 Actual Budget	FY 2013-14 Actual Budget	FY 2014-15 Authorized Budget
Requirements	$16,099,660	$15,300,775	$15,441,029	$14,819,716	$17,370,607
Receipts	$4,580,764	$3,854,759	$5,439,207	$5,215,908	$5,630,559
Appropriations	$11,518,896	$11,446,020	$10,001,822	$9,603,808	$11,740,048
FTEs	193	180	170	172	172

Office of the State Auditor Authorized Budget FY 2014-15



Office of the State Auditor Audit Types

- Financial Statement
  - Federal Compliance
  - Statewide Single Audit
  - CAFR
- Performance / Financial Related
- Information Systems
- Investigative Reports

Office of the State Auditor Information Requested

- State Treasurer's Office pension fund audit
- Publishing reports of certain audits
- Licensing board audit fees
- Employee hiring & retention
- Community college audits
- Financial audits of State agencies

Questions?

Office of the State Auditor Authorizing Laws

- NC Constitution Article III,
  - Section 7: (1) Officers. A Secretary of State, an Auditor, a Treasurer, a Superintendent of Public Instruction, an Attorney General, a Commissioner of Agriculture, a Commissioner of Labor, and a Commissioner of Insurance shall be elected by the qualified voters of the State in 1972 and every four years thereafter, at the same time and places as members of the General Assembly are elected. Their term of office shall be four years and shall commence on the first day of January next after their election and continue until their successors are elected and qualified.
  - Section 8: Council of State. The Council of State shall consist of the officers whose offices are established by this Article.

Office of the State Auditor Authorizing Laws

Article 3§ 143A-24. Creation. There is hereby created a Department of State Auditor. The head of the Department of the State Auditor is the State Auditor. (1971, c. 864, s. 5.)

§ 143A-25. State Auditor; powers and duties. The State Auditor shall have such powers and duties as are conferred on him by this Chapter, delegated to him by the Governor, and conferred by the Constitution and laws of this State. (1971, c. 864, s. 5.)

§ 143A-26. State Auditor; transfer of powers and duties to Department. Except as otherwise provided in the Constitution or by this Chapter, all powers, duties and functions of the State Auditor are transferred by a Type I transfer to the Department of the State Auditor. (1971, c. 864, s. 5.)

Office of the State Auditor Authorizing Laws

§ 143A-27. North Carolina Firemen's Pension Fund; transfer. The North Carolina Firemen's Pension Fund, as contained in Article 86 of Chapter 58 of the General Statutes and the laws of this State, is hereby transferred by a Type II transfer to the Department of State Auditor. (1971, c. 864, s. 5.)

§ 143A-27.1. North Carolina Firemen's and Rescue Squad Workers' Pension Fund; transfer. The "North Carolina Firemen's and Rescue Squad Workers' Pension Fund", as contained in Article 86 of Chapter 58 of the General Statutes is hereby transferred by a Type II transfer to the Department of State Auditor. (1981, c. 1029, s. 3.)

§ 143A-29. State Board of Pensions; transfer. The State Board of Pensions, as contained in Article 2 of Chapter 112 of the General Statutes and the laws of this State, is hereby transferred by a Type II transfer to the Department of State Auditor. (1971, c. 864, s. 5.)

Office of the State Auditor Audit Types

- Financial Statement
  - "The Office of the State Auditor performs financial statement audits for the State of North Carolina, state agencies, state universities, community colleges and other units of state government. The objective of a financial statement audit is to determine whether an agency's financial statements are fairly presented. The audit does not determine with absolute certainty that the financial statements are totally correct. Rather, the audit provides reasonable assurance that the financial statements are not wrong by an amount so large that it would mislead someone using them to make an important decision about the organization's financial situation."

Office of the State Auditor Audit Types

- Performance/Financial Related
  - "Performance and Financial Related audits provide independent and objective appraisals of agency management practices and operational results to state leaders and the public. They help improve performance, strengthen accountability, and enhance transparency of state government programs. Performance audits evaluate broad topics that could include program outcome, while Financial Related Audits have narrower scopes and do not evaluate program outcomes."
  - Examples:
    - Office of Indigent Defense Services - Assignment and Payment of Private Counsel, 10/16/2014 (Performance)
    - North Carolina Substance Abuse Professional Practice Board, 2/5/2015 (Financial Related)

Office of the State Auditor Audit Types

- Information Systems
  - "Information Systems audits evaluate risks relevant to information systems assets and assess controls in place to reduce or mitigate these risks. IS auditors also verify systems and applications are appropriate for agency needs, are efficient, and are adequately controlled to ensure valid, reliable, timely operation."
  - Example: Statewide Information Technology Project Benefits and Governance, 2/3/2015

Office of the State Auditor Audit Types

- Investigative Reports
  - "Investigators within the Office of the State Auditor are required by state law to investigate any allegations made to the State Auditor's Hotline. These allegations include instances of fraud, waste and abuse of state tax dollars within government agencies and by private groups that receive state money or other support. The allegations are often referred to law enforcement agencies for additional investigation or prosecution. While many of our investigators are trained as auditors, they do not conduct audits. They are charged with investigating wrongdoing and use a variety of techniques to produce their reports."
  - Example: Kinston Charter Academy, 1/28/2015