

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE DRS25112-MM-55 (03/05)

Short Title: State Auditor/Statutory Changes.-AB

(Public)

Sponsors: Senator J. Davis (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENACT VARIOUS STATUTORY CHANGES AS REQUESTED BY THE  
3 STATE AUDITOR.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 93B-4(a) reads as rewritten:

6 "§ 93B-4. Audit of Occupational Licensing Boards; payment of costs.

7 (a) The State Auditor shall audit occupational licensing boards from time to time to  
8 ensure their proper operation. The books, records, and operations of each occupational  
9 licensing board shall be subject to the ~~oversight~~ audit authority of the State Auditor pursuant to  
10 Article 5A of Chapter 147 of the General Statutes. In accordance with G.S. 147-64.7(b), the  
11 State Auditor may contract with independent professionals to meet the requirements of this  
12 section."

13 SECTION 2. G.S. 147-64.9 reads as rewritten:

14 "§ 147-64.9. Rules and regulations.

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

19 SECTION 3. G.S. 147-64.4(1) reads as rewritten:

20 "§ 147-64.4. Definitions.

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

22 (1) "Audit". – An independent review or examination of government  
23 organizations, programs, activities, and functions. The purpose of an audit is  
24 to help ensure full accountability and assist government officials and  
25 employees in carrying out their responsibilities. An audit may include all  
26 four elements listed in this subdivision, only one element, or any  
27 combination of the four elements. It is not intended or desirable that every  
28 audit include all four elements. Economy and efficiency and program result  
29 audits should be selected when their use will meet the needs of expected  
30 users of audit results. The elements of ~~such~~ an audit are:

- 31 a. Financial and compliance: to determine whether financial operations  
32 are properly conducted, whether the financial reports of an audited  
33 entity are presented fairly, and whether the entity has complied with  
34 applicable laws and regulations; and,  
35 b. Economy and efficiency: to determine whether the entity is  
36 managing or utilizing its resources (such as personnel and property)



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1 in an economical and efficient manner and the causes of any  
2 inefficiencies or uneconomical practices, including inadequacies in  
3 laws and regulations, management information systems,  
4 administrative policies and procedures, or organizational structures;  
5 and,

6 c. Program results: to determine whether the desired results or benefits  
7 are being achieved, whether the objectives established by the General  
8 Assembly or other authorizing body are being met, and whether the  
9 agency has considered alternatives which might yield desired results  
10 at lower costs.

11 ~~d. An audit may include all three elements or only one or two. It is not  
12 intended or desirable that every audit include all three. Economy and  
13 efficiency and program result audits should be selected when their  
14 use will meet the needs of expected users of audit results.~~

15 e. Information systems: to evaluate risks relevant to information  
16 systems assets and assess controls in place to reduce or mitigate these  
17 risks; to verify systems and applications are appropriate for agency  
18 needs, are efficient, and are adequately controlled."

19 **SECTION 4.** G.S. 143C-6-23(d) reads as rewritten:

20 "(d) Office of State Budget Rules Must Require Uniform Administration of State Grants.  
21 – The Office of State Budget and Management shall adopt rules to ensure the uniform  
22 administration of State grants by all grantor State agencies and grantees or subgrantees. The  
23 Office of State Budget and Management shall consult with the Office of the State Auditor and  
24 the Attorney General in establishing the rules required by this subsection. The rules shall  
25 establish policies and procedures for disbursements of State grants and for State agency  
26 oversight, monitoring, and evaluation of grantees and subgrantees. The policies and procedures  
27 shall:

28 ...  
29 (8a) Require grantees and subgrantees to display the State Auditor's Hotline  
30 information in a conspicuous location at their place or places of business.

31 ...."

32 **SECTION 5.** G.S. 147-64.7(a) reads as rewritten:

33 **"§ 147-64.7. Authority.**

34 (a) Access to Persons and Records. –

35 ...  
36 (6) The production of documents or information required by this section will not  
37 constitute waiver or impairment of the attorney client or attorney work  
38 product privileges."

39 **SECTION 6.** This act becomes effective October 1, 2015.