

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE DRS25113-LE-65 (03/05)

Short Title: Community College Audits.

(Public)

Sponsors: Senator J. Davis (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE COMMUNITY COLLEGES PROGRAM AUDITING  
3 FUNCTION.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Section 10.15(a) of S.L. 2013-360 is repealed.

6 SECTION 2. G.S. 115D-5(m) reads as rewritten:

7 "(m) ~~The State Board of Community Colleges Office of State Auditor shall maintain an~~  
8 ~~education program auditing accountability function that conducts an annual audit periodic~~  
9 ~~reviews of each community college operating under the provisions of this Chapter. The purpose~~  
10 ~~of the annual audit compliance review shall be to ensure that college programs and related~~  
11 ~~fiscal operations comply with State law, State regulations, State Board policies, and System~~  
12 ~~Office guidance.~~(i) data used to allocate State funds among community colleges is reported  
13 accurately to the System Office and (ii) community colleges are charging and waiving tuition  
14 and registration fees consistent with law. The State Board of Community Colleges shall require  
15 ~~auditors of community college programs to the use of a statistically valid sample size in~~  
16 ~~performing program audits compliance reviews of community colleges. All education program~~  
17 ~~audit compliance review findings that are determined to be material shall be forwarded to the~~  
18 ~~college president, local college board of trustees, the State Board of Community Colleges, and~~  
19 ~~the State Auditor.~~ The State Board of Community Colleges shall adopt rules governing the  
20 frequency, scope, and standard of materiality for compliance reviews."

21 SECTION 3. G.S. 115D-58.16 reads as rewritten:

22 "§ 115D-58.16. Audits.

23 (a) Each community college shall be subject to a financial audit a minimum of once  
24 every two years. Community colleges ~~may use State funds to shall~~ contract with the State  
25 Auditor ~~or with a certified public accountant to perform the audits.~~ audits and shall use State  
26 funds to pay for these contracts. The colleges shall submit the results of the audits to the State  
27 Board of Community Colleges.

28 The State Board of Community Colleges shall ensure that all colleges are audited in  
29 accordance with this section.

30 (b) Notwithstanding the provisions of Chapter 143D of the General Statutes, a  
31 community college shall not be subject to the EAGLE program administered by the Office of  
32 the State Controller unless (i) there is a finding of internal control problems in the most recent  
33 financial audit of the college or (ii) the State Board of Community Colleges determines that a  
34 college should be subject to the program."



1                   **SECTION 4.** Sections 2 and 3 of this act become effective July 1, 2015, and apply  
2 to compliance reviews beginning with the 2015-2016 academic year. The remainder of this act  
3 is effective when the act becomes law.