



Office of State Controller Financial Conference State Auditor's Update

December 8, 2021

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State Auditor's Update Objectives



- ✓ **Discussion of Federal COVID Relief Monies – Received and Coming**
- ✓ **Discussion of Objectives of Audits Performed to Date**
- ✓ **Results of Audits Performed to Date**
- ✓ **Preparation of State's Compliance Supplements**

State Auditor's Update

COVID Relief Monies



- **\$3.6B – Received/Disbursed**
- **\$8.0B Through NCPRO – Coming**
- **\$3.3B Local Governments – Most Direct**

State Auditor's Update

COVID Relief Monies

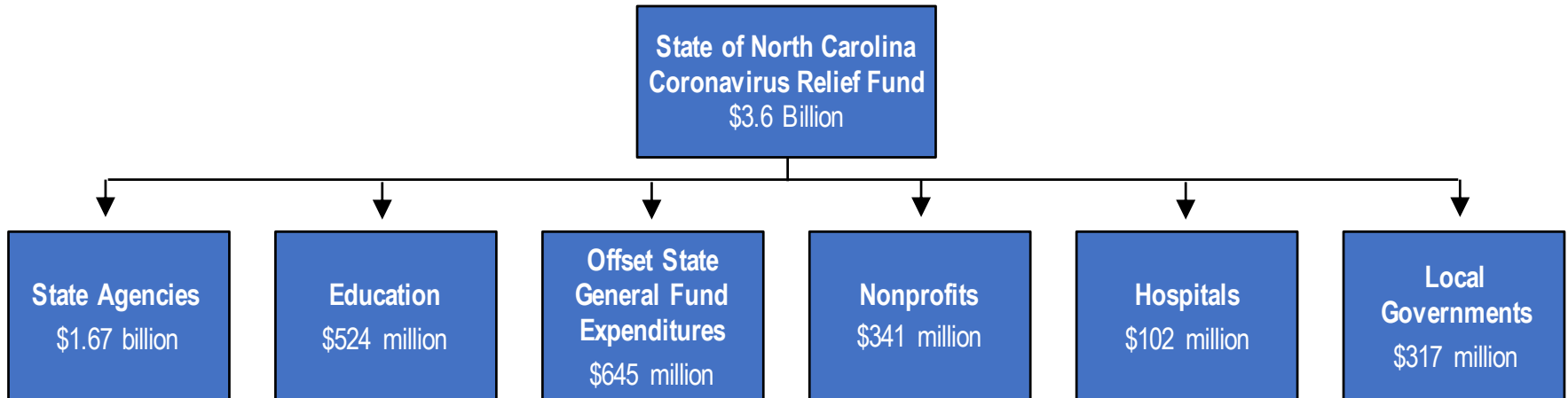


Session Law 2020-4

- **Allocated \$3.6B**
- **Issued Directives**
- **Established NC PRO**
- **Required Audits**
 - **Preliminary Financial Audit**
 - **Performance Audit**

State Auditor's Update

COVID Relief Monies – 1st Tranche



Polling Question 1



State Auditor's Update

Legislative Directives



Session Law 2020-4

- **Allocated \$3.6B**
- **Issued Directives**
- **Established NC PRO**
- **Required Audits**
 - **Preliminary Financial Audit**
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State Auditor's Update

Purpose of Funds – US Govt.



- 1) Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)**
- 2) Not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government**
- 3) Incurred during the period that begins on March 1, 2020, and ends on December 31, 2021**

State Auditor's Update

Directives of NC



- **Allocate and disburse Coronavirus Relief Funds as directed by the Recovery Act.**
- **Ensure adherence with the compliance requirements established by the U.S. Department of the Treasury.**
- **Account for the Coronavirus Fund in accordance with GAAP and the requirements established by the NC Office of the State Controller.**
- **Adhere to the reporting requirements established by the Recovery Act.**

Polling Question 2



State Auditor's Update

Preliminary Financial Audit - Results



Audit Issued: March 2021

Audit Objectives: Determine Whether COVID Relief Moneys Were **Accounted for, Allocated & Disbursed in Accordance w/ Session Law 2020-4**

Audit Scope: May 2020 Through December 2020

Audit Results:

Moneys Were **Accounted For, Allocated & Disbursed in Accordance w/ Session Law 2020-4**

State Auditor's Update

Performance Audit Perspective



Federal/State Grants

- **Costs are Allowable**
- **Activities are Allowable**
- **Expended on Eligible Persons/Groups**
- **Expended in Appropriate Timeframe**

All About “Inputs”/Outputs”

State Auditor's Update

Performance Audit Perspective



Objectives:

\$3.6B - Coronavirus Relief Monies?

Provide **Relief** from Negative Impact of COVID-19

Polling Question 3



State Auditor's Update

Performance Audit Perspective



Performance Audit: Published May, 2021

Objectives:

Procedures designed & implemented to ensure:

- **Funds were spent in accordance with 2020-4 Session Law and subsequent amendments,**
- **Funds were achieving legislatively intended results.**

Scope: March 1, 2020 through November 30, 2020

State Auditor's Update

Performance Audit Perspective



Audit Results:

\$3.1B – Distributed w/ Limited Monitoring

\$3.1B – Distributed without ensuring all recipients had a method to measure results

State Auditor's Update

Performance Audit Perspective



Audit Results:

\$3.1B – Distributed w/ Limited Monitoring

\$3.1B – Distributed without ensuring all recipients had a method to measure results

State Auditor's Update

Performance Audit Perspective



Example – Measuring Outcomes

\$316M of \$3.6B Relief Funds – Public School System

- \$75 million for school nutrition services
- \$70 million for providing supplemental summer learning programs
- \$30 million for the purchase of computers/electronic devices
- \$5 million for the purchase of computers - personnel

State Auditor's Update

Performance Audit Perspective



Example – Measuring Outcomes

\$316M of \$3.6B Relief Funds – Public School System

- \$75 million for school nutrition services

More Impactful Measure - Outcome:

- **How many students needed/qualified?**
- **How many students served?**

State Auditor's Update

Performance Audit Perspective



Example – Measuring Outcomes

\$316M of \$3.6B Relief Funds – Public School System

- \$70 million for Summer supplemental learning

Measure by Output:

- **Did NC spend on allowable summer program expenses?**
- **How many programs provided?**

State Auditor's Update

Performance Audit Perspective



Example – Measuring Outcomes

\$316M of \$3.6B Relief Funds – Public School System

- \$70 million for Summer supplemental learning

Measure by Outcome:

- **How many students needed Summer learning?**
- **How many of those students attended?**
- **Did grades/competencies improve due to Summer learning?**

State Auditor's Update

Performance Audit Perspective



- **Federal Expectations in the Past**
- **Federal Expectations Currently**
- **OSA Audits Moving Forward**

Polling Question 4



State Auditor's Update

Performance Audit Perspective



Objectives:

America Rescue Plan Act? \$5.4B Thru NC

3.3B Direct Local Govt.

- **Support public health expenditures,**
- **Address negative economic impacts;**
- **Replace lost public sector revenue;**
- **Provide premium pay for essential workers; and,**
- **Invest in water, sewer, and broadband infrastructure**

State Auditor's Update

Legislative Request



- ✓ **Lost Students – K Through 12**
- ✓ **Legislative Concern**
 - ✓ **Students Lost During COVID**
 - ✓ **Truancy Issues During COVID**
 - ✓ **Students Not Ready for Next Grade**

State Auditor's Update

Legislative Request



- ✓ **115 School Systems + Charter Schools**
- ✓ **Survey Performed**
- ✓ **By Grade....How Many No Contact for Entire Year**
- ✓ **Self-Reported**
- ✓ **Average – 1%**

State Auditor's Update

Legislative Request



- ✓ **Performance Audit**
- ✓ **6 School Systems**
- ✓ **Large, Medium, Small**
- ✓ **1st – Pilot**
- ✓ **46 Campuses**

State Auditor's Update

Gov Ops Subcommittee



- ✓ **Replacing Program Evaluation Division**
- ✓ **Hearings**
- ✓ **Focus**



State Auditor's Update

State Controller's Financial Conference

Questions?

