



Office of State Controller Financial Conference State Auditor's Update

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State Auditor's Update Objectives



- ✓ **Discuss of Most Common Deficiencies in 2013 Single Audit**
- ✓ **Discussion of Findings for 2014**
- ✓ **Discussion of the Affect of Super Circular on Future Audits of Federal Grants**
- ✓ **Discussion of Future Financial Statement Audits**

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State Auditor's Update Federal Expenditures



- ✓ \$22.3B - Federal Expenditures
 - ✓ \$3.3B – Expended by Subrecipients

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State Auditor's Update History of Number of Findings



- ✓ 2013 – 91 Findings
- ✓ 2012 – 88 Findings
- ✓ 2011 – 136 Findings
- ✓ 2010 – 133 Findings
- ✓ 2009 - 168 Findings

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State Auditor's Update Types of Findings



✓ Internal Control Findings

VS

✓ Compliance Findings

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State Auditor's Update Most Commonly Written



- ✓ Deficiencies in Subrecipient Monitoring
- ✓ Deficiencies in County Eligibility Determination
- ✓ Federal Reporting
- ✓ Allowable Costs/Cost Principles

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State Auditor's Update Subrecipient Monitoring



- ✓ Agency Monitoring Plans Not Followed
- ✓ Monitoring Visits Not Documented
- ✓ No Procedures to Ensure Monitoring Reports Reviewed/Results Communicated
- ✓ Monitoring Reports Not Viewed Timely
- ✓ Not All Monitoring Procedures Completed
- ✓ Corrective Actions Not Required

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State Auditor's Update Eligibility



- ✓ Grant Applications for Subrecipients Not Reviewed
- ✓ Deficiencies in Eligibility Determinations
- ✓ Files Missing

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State Auditor's Update Federal Reporting



- ✓ Timely Federal Reporting
- ✓ Inaccurate Reports
- ✓ Did not Submit Required Reports at All

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State Auditor's Update Allowable Costs/Cost Principles



- ✓ Agency Paid for Unallowable Items

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State Auditor's Update 2014 Findings



- ✓ Control Environment Finding
 - ✓ Repeat Findings
- ✓ Super Circular "REQUIRES" Designation of Repeat Findings

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State Auditor's Update Affects of Super Circular



- ✓ Increase in Audit Threshold
- ✓ Change in Risk-Based Approach
 - ✓ Type A/Type B Threshold
 - ✓ Criteria For Determining Type A as Low-Risk
 - ✓ Criteria for Choosing Type B Programs

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State Auditor's Update **Affects of Super Circular (cont'd)**



- ✓ Change in % of Coverage
- ✓ Increase in Threshold for Reporting Questioned Costs

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State Auditor's Update **Affects of Super Circular**



- ✓ On the Horizon:
 - ✓ Going From 14 Compliance Requirements to 6 Compliance Requirements

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State Auditor's Update Compliance Requirements



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- A. Activities Allowed/Unallowed**
 - B. Allowable Cost/Cost Principles**
 - C. Cash Management**
 - D. Davis-Bacon Act
 - E. Eligibility**
 - F. Equipment and Real Property Management
 - G. Matching, Level of Effort, Earmarking**
 - H. Period of Availability Federal Funds
 - I. Procurement, Suspension & Debarment
 - J. Program Income
 - K. Real Property Acquisition, Relocation Assistance
 - L. Reporting**
 - M. Subrecipient Monitoring**
 - N. Special Tests and Provisions**

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State Auditor's Update Compliance Requirements



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- A. Activities Allowed/Unallowed, B. Allowable Cost/Cost Principles; G. Matching, H. Availability of Federal Funds**
 - C. Cash Management**
 - E. Eligibility**
 - L. Reporting**
 - M. Subrecipient Monitoring**
 - N. Special Tests and Provisions**

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State Auditor's Update
Audit of NC Financial Statements
Going Forward



- ✓ Users of NC Audited Financial Statements
- ✓ Legislative Request
- ✓ Financial Statements/More Detail/Audited

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State Auditor's Update
Audit of NC Financial Statements
Going Forward



- ✓ Agencies Requested
 - ✓ Department of Health and Human Services
 - ✓ Department of Public Instruction
 - ✓ Department of Public Safety
 - ✓ Department of Revenue
 - ✓ Department of the Treasurer
 - ✓ Department of Transportation

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State Auditor's Update
Audit of NC Financial Statements
Going Forward



- ✓ Rationale for the Request
- ✓ Affect to Audit of NC Financial Statements

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State Auditor's Update
State Controller's Financial Conference



Questions?



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