



Office of State Controller Financial Conference State Auditor's Update

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State Auditor's Update Objectives



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- ✓ **Single Audit Update**
 - ✓ **Findings Presentation**
 - ✓ **Sampling**
 - ✓ **Subrecipient Monitoring**
 - ✓ **Discussion of the Affect of Super Circular on Future Audits of Federal Grants**
 - ✓ **Discussion Agency Financial Statement Audits**
 - ✓ **Legislative Request – Medicaid Eligibility**

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State Auditor's Update
Single Audit



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- ✓ **Audit of Financial Statements**
 - ✓ **Opinion**
 - ✓ **2 Reports**
 - ✓ **Audit of Compliance w/ Federal Program Requirements**
 - ✓ **Opinion**
 - ✓ **Report on Internal Controls**

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State Auditor's Update
Single Audit



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- ✓ **\$21B – Federal Expenditures**
 - ✓ **\$3.3B Expenditures**
Subrecipient

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State Auditor's Update Single Audit



- ✓ Medicaid - **\$8.6B**
- ✓ SNAP - **\$2.5B**
- ✓ SFA Cluster- **\$2.3B**
- ✓ Unemployment Insurance - **\$768M**
- ✓ Child Nutrition - **\$512M**
- ✓ Title I LEAs - **\$395M**
- ✓ CHIPS - **\$314M**

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State Auditor's Update Single Audit – Findings Presentation



- ✓ **Finding 2014-075**
 - ✓ Dept. Processed 119M+ Payments
 - ✓ \$10B Total Expenditures
 - ✓ Sample 272 Items = \$2,538,654 Exp.
 - ✓ 66 Errors = \$464,942 Net Overpayments
 - ✓ Federal Portion = \$303,169
 - ✓ State Portion = \$161,773

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State Auditor's Update

Single Audit – Findings Presentation



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 - ✓ Dept. Processed 119M+ Payments
 - ✓ \$10B Total Expenditures
 - ✓ Sample 272 Items = \$2,538,654 Exp.
 - ✓ 66 Errors = \$464,942 Net Overpayments
 - ✓ Federal Portion = \$303,169
 - ✓ State Portion = \$161,773
 - ✓ Projected Errors to Total Expenditures = **\$1.4 B Overpayments**

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State Auditor's Update

Single Audit – Findings Presentation



- ✓ **Finding 2014-075**
 - ✓ Dept. Processed 10M Payments
 - ✓ \$413 Million Total Expenditures
 - ✓ Sample 126 Items = \$561,110
 - ✓ 16 Errors = \$245 Net Overpayments
 - ✓ Federal Portion = \$186
 - ✓ State Portion = \$59

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State Auditor's Update

Single Audit – Findings Presentation



- ✓ **Finding 2014-075 (FY 2015)**
- ✓ Dept. Processed 10M Payments
 - ✓ \$413 Million Total Program Expenditures
 - ✓ Sample 126 Items = \$561,110
 - ✓ 16 Errors = \$245 Net Overpayments
 - ✓ Federal Portion = \$186
 - ✓ State Portion = \$59
- ✓ Projected Errors to Total Expenditures = **\$20.5 Million**

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State Auditor's Update

Single Audit – Findings Presentation



- ✓ **Finding 2014-043**
- ✓ Dept. Processed 127,000 Payments
 - ✓ \$44 Million Total Program Expenditures
 - ✓ Sample 100 Items = \$??
 - ✓ 32 Errors = \$4,557 Net Overpayments
 - ✓ Federal Portion = \$3,586
 - ✓ State Portion = \$971

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State Auditor's Update

Single Audit – Findings Presentation



- ✓ **Finding 2014-043 (FY 2015)**
- ✓ Dept. Processed 127,000 Payments
 - ✓ \$44 Million Total Program Expenditures
 - ✓ Sample 100 Items = \$??
 - ✓ 32 Errors = \$4,557 Net Overpayments
 - ✓ Federal Portion = \$3,586
 - ✓ State Portion = \$971
- ✓ Projected Errors to Total Expenditures = \$??

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State Auditor's Update

Single Audit – Findings Presentation



- ✓ **What the Feds Want to Know?**
- ✓ **Questioned Costs \geq \$10,000**

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**State Auditor's Update
Single Audit**



Sampling

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**State Auditor's Update
Single Audit - Sampling**



The selection and evaluation of less than 100% of a group of items in order to draw a conclusion about the entire group (population) as a whole.

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**State Auditor's Update
Single Audit - Sampling**



**Sampling Approach -
Statistical vs Nonstatistical**

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**State Auditor's Update
Single Audit - Sampling**



Sampling Approach – Statistical

**Important – Completeness of
Population (no matter the
approach)**

Leveraging

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**State Auditor's Update
Single Audit**



Subrecipient Monitoring

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**State Auditor's Update
Single Audit – Subrecipient Monitoring**



**An Objective of the Audit –
Ensure Agencies are Monitoring
the Subrecipient's
Administration of Federal Grants**

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State Auditor's Update
Single Audit – Subrecipient Monitoring



**Assess Subrecipient Monitoring
Plan....**

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State Auditor's Update
Single Audit - 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 Affects of Super Circular



- ✓ Increase in Audit Threshold – No Affect
- ✓ 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 Agency Audits



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

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State Auditor's Update Agency Audits



- ✓ 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 Agency Audits



✓ Results:

- ✓ Department of Health and Human Services
- ✓ Department of Public Instruction

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State Auditor's Update Medicaid Audit



- ✓ Benefit Programs
- ✓ State Administered Programs
- ✓ Eligibility Determined at County DSS
- ✓ Audit of Medicaid Eligibility Determination

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State Auditor's Update Medicaid Audit



- ✓ 10 Counties
- ✓ Rural/Urban
- ✓ Large/Small
- ✓ Internal Controls/Not

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State Auditor's Update Medicaid Audit



- ✓ Statistical Sample Approach
- ✓ 90% Confidence
- ✓ Can't Project Statewide
- ✓ Can Provide Useful Conclusions

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State Auditor's Update Affects of Super Circular



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

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State Auditor's Update State Controller's Financial Conference



Questions?



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