



Office of State Controller Financial Conference State Auditor's Update

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State Auditor's Update Objectives



-
- ✓ **Gain an Understanding of OSA Audits Performed**
 - ✓ **Review Dollars at Risk**
 - ✓ **Discuss "Pervasive" Issues Uncovered in Audits Published**

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State Auditor's Update
Dollars At Risk



✓ **\$22 B – State Appropriations**

✓ **Spend:**

- ✓ **\$10B – K-12 Education**
- ✓ **4B – Medicaid**
- ✓ **3B – Universities**
- ✓ **1B – Community Colleges**

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State Auditor's Update
Dollars At Risk



✓ **\$21 B – Federal Grants**

✓ **Spend:**

- ✓ **\$ 10B – Medicaid**
- ✓ **1.2B – Dept. Transportation**
- ✓ **1.5B – Dept. Public Instruction**
- ✓ **2.6B - Universities**
- ✓ **.5B – Community Colleges**

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State Auditor's Update Audits Performed



- ✓ **Financial Statement Audits (756)**
- ✓ **Compliance Audits – Federal Grants (216)**
- ✓ **Performance/Financial Related Audits (53/255)**
- ✓ **Information Technology Audits (30)**

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State Auditor's Update Audits Performed – Financial Statement



- ✓ **Financial Statements As of Certain Date**
- ✓ **Financial Statements Prepared by Auditee**
- ✓ **Account Balances/Notes Fairly Stated**
- ✓ **Opinions/Reports**
- ✓ **Users Use**

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State Auditor's Update **Audits Performed – Federal Grants**



- ✓ **Compliance Not Numbers**
- ✓ **Programs Administered in Accordance w/ Federal Law/Requirements**
- ✓ **Report to:**
 - ✓ **Federal Government**
 - ✓ **General Assembly**
- ✓ **Federal Government Determines Finding/Consequences**

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State Auditor's Update **Audits Performed – Performance/FRU**



- ✓ **Looking at Performance – Efficiencies/Effective**
- ✓ **Process/Program/Agency/Division**
- ✓ **No “Pie-in-the-Sky Topics**
- ✓ **Practical Application/Big Dollar Impact**

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State Auditor's Update

Audits Performed – IT Audits



- ✓ **Support For All Other Divisions**
- ✓ **Information Technology General Controls Audits**
- ✓ **“Pre” Implementation of New Software**
- ✓ **“Post” Implementation of New Software**

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State Auditor's Update

Pervasive Issues



- ✓ **Unwarranted Reliance on Financial Statement Audits**
- ✓ **Contract Administration/Oversight**
- ✓ **Incomplete/Inaccurate/Unreliable Data**
- ✓ **No “Real” Accountability for How Taxpayer Dollars are Used/Spent/Reported/Accounted For**

State Auditor's Update Pervasive Issues



✓ Unwarranted Reliance on Financial Statement Audits

- Audit of Financial statements - Fairly Stated
- Nothing to do with efficient use of resources/cheating on time sheets/quality of work performed/
- Not All Accounts Audited
- Too Many Board Members Aren't Aware

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State Auditor's Update Pervasive Issues Not Corrected



✓ Contract Administration/Oversight

- No Inventory of Contracts w/ North Carolina
- Contract RFP/Negotiation/Terms
- Waiver of Competition Contracts
- Contract Administration/Monitoring

✓ Subrecipient Monitoring

NOTE: Still no way to know if contracts being reviewed by appropriate persons...

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State Auditor's Update

Pervasive Issues Not Corrected



✓ **Incomplete/Inaccurate/Unreliable Data**

- Organization Cannot Prepare Financial Statements
- Data Not Readily Available
- Data Not Complete/Not Accurate
- Data Does Not Reconcile to NCAS

✓ **Begs the Question – What is Management Using to Manage By??**

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State Auditor's Update

Pervasive Issues Not Corrected



✓ **No Accountability/No Consequences**

- Performance Evaluations
- Lack of Documentation For Poor Performance
- Must Set Expectations and Hold People/Staff Accountable....

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Questions?

