

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 89*

Short Title: Office of State Auditor/Corrective Action/PED. (Public)

Sponsors: Senators Randleman, Hise, McInnis (Primary Sponsors); Krawiec and Waddell.

Referred to: Rules and Operations of the Senate

February 15, 2017

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE OFFICE OF THE STATE AUDITOR TO CONDUCT A FOLLOW-UP AUDIT ON AN UNDERPERFORMING STATE AGENCY, TO REPORT TO THE GENERAL ASSEMBLY A STATE AGENCY'S FAILURE TO TAKE CORRECTIVE ACTION, AND TO REPORT ANNUALLY ON ALL FINDINGS OF DEFICIENCIES, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 5A of Chapter 147 of the General Statutes is amended by adding two new sections to read:

"§ 147-64.6E. Corrective action.

(a) Recommendations. – If the Auditor finds that a State agency is not following one of the practices listed in G.S. 147-64.6(b), the Auditor shall include as part of the audit report one or more recommendations to the State agency to correct the deficiencies.

(b) Follow-Up Audit. – Six months after submitting the recommendations to the State agency, the Auditor shall conduct a follow-up audit to determine whether the State agency has made significant progress in correcting the identified deficiencies.

(c) Report to the General Assembly. – If the Auditor finds that the State agency has failed to make significant progress in correcting the deficiencies, the Auditor shall submit a report to the Chairs of the Senate Appropriations/Base Budget Committee and to the Chairs of the House Appropriations Committee. In the report, the Auditor shall include the results of both the initial audit and the follow-up audit and shall make recommendations for legislative action including one or more of the following:

- (1) Invite the State agency to appear before a legislative committee to provide information regarding the cited deficiencies and actions the agency has taken to correct the deficiencies.
- (2) Enact legislation modifying the authority of the State agency to implement the process or program that is the source of the deficiency.
- (3) Change the amount of State funds appropriated to the agency to implement the process or program that is the source of the deficiency.
- (4) Other specified lawful action.

"§ 147-64.6F. Annual report; findings of deficiencies.

(a) Beginning January 1, 2018, and annually thereafter, the State Auditor shall publish a report identifying all findings of deficiencies identified during the prior calendar year. The report shall be published on the Auditor's Web site, and the Auditor shall deliver copies of the report to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairs



1 of the Senate Appropriations/Base Budget Committee, and the Chairs of the House Appropriations
2 Committee.

3 (b) The report shall identify the findings of deficiencies as follows:

4 (1) Those resulting in financial loss to the State.

5 (2) Those involving a failure to comply with State law regarding the expenditure of
6 public funds.

7 (3) All other findings."

8 **SECTION 2.** This act is effective when it becomes law.