

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H.B. 311
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10118-MU-20B (02/21)

Short Title: State Auditor/Various Amendments.-AB (Public)

Sponsors: Representatives Riddell, Cleveland, Adcock, and Floyd (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THAT THE OFFICE OF THE STATE AUDITOR DOES NOT HAVE OVERSIGHT AUTHORITY OVER LICENSING BOARDS, TO CLARIFY THAT THE OFFICE OF THE STATE AUDITOR IS NOT REQUIRED TO ADOPT UNNECESSARY RULES, TO REQUIRE A NON-STATE ENTITY THAT RECEIVES STATE FUNDS TO POST THE OFFICE OF THE STATE AUDITOR'S HOTLINE, TO CLARIFY THAT THE PRODUCTION OF DOCUMENTS TO THE OFFICE OF THE STATE AUDITOR DOES NOT WAIVE THE ATTORNEY CLIENT OR ATTORNEY WORK PRODUCT PRIVILEGES, AND TO ALLOW THE OFFICE OF THE STATE AUDITOR TO DETERMINE THE LENGTH OF TIME THAT A STATE AGENCY MAY RESPOND TO AN AUDIT OF ECONOMY AND EFFICIENCY OR AN AUDIT OF PROGRAM RESULTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 93B-4 reads as rewritten:

"§ 93B-4. **Audit of Occupational Licensing Boards; payment of costs.**

(a) The State Auditor shall audit occupational licensing boards from time to time to ensure their proper operation. The books, records, and operations of each occupational licensing board shall be subject to ~~the oversight of~~ audit by the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. In accordance with G.S. 147-64.7(b), the State Auditor may contract with independent professionals to meet the requirements of this section.

(b) Each occupational licensing board with a budget of at least fifty thousand dollars (\$50,000) shall conduct an annual financial audit of its operations and provide a copy to the State Auditor."

SECTION 2. G.S. 147-64.9 reads as rewritten:

"§ 147-64.9. ~~Rules and regulations.~~ **Rules.**

The Auditor shall make and enforce ~~such reasonable~~ only those rules and regulations as ~~are that~~ the Auditor determines are reasonably necessary for the operation of ~~his~~ the Auditor's office. The Auditor shall install an adequate accounting system for ~~his~~ the office and shall keep or cause to be kept a complete, accurate, and adequate record of all fiscal transactions of ~~his~~ the office."

SECTION 3. G.S. 143C-6-23(g) reads as rewritten:

"(g) Audit Oversight. – The State Auditor has audit oversight, with respect to grant funds received by the grantee or subgrantee, pursuant to Article 5A of Chapter 147 of the General Statutes, of every grantee or subgrantee that receives, uses, or expends grant funds. A grantee or subgrantee ~~must,~~ shall, upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of grant funds received by the grantee or subgrantee. The grantee or subgrantee ~~must~~ shall furnish



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1 any additional financial or budgetary information requested by the State Auditor, including audit
2 work papers in the possession of any auditor of a grantee or subgrantee directly related to the use
3 and expenditure of grant funds. The grantee or subgrantee shall post conspicuously in its office the
4 State Auditor's hotline telephone number, as described in G.S. 147-64.6B(a)."

5 **SECTION 4.** G.S. 147-64.7 is amended by adding a new subsection to read:

6 "(d) No Waiver. – The production of documents or information required by this section
7 does not constitute a waiver or an impairment of the attorney client privilege or the attorney work
8 product privilege."

9 **SECTION 5.** G.S. 147-64.6(c) reads as rewritten:

10 "(c) The Auditor shall be responsible for the following acts and activities:

11 ...

12 (13) At the conclusion of an audit, the Auditor or the Auditor's designated
13 representative shall discuss the audit with the official whose office is subject to
14 audit and submit necessary underlying facts developed for all findings and
15 recommendations which may be included in the audit report. On audits of
16 economy and efficiency and program results, the auditee's written response
17 shall be included in the final report if received within 15 to 30 days from receipt
18 of the draft report. The length of time shall be determined by the Auditor and
19 shall be commensurate with the number and complexity of the findings.

20"

21 **SECTION 6.** Section 3 of this act becomes effective July 1, 2017. The remainder of
22 this act is effective when it becomes law.