



North Carolina Office of the State Auditor
Dave Boliek, State Auditor

MEMORANDUM

TO: State Agency, University and Community College Finance Leaders

FROM: State Auditor Dave Boliek

RE: State Auditor's Award of Excellence

The North Carolina Office of the State Auditor (OSA) is pleased to announce the creation and launch of the new **State Auditor's Award of Excellence**. The purpose of the award is to recognize state entities that distinguish themselves from others by meeting strict eligibility criteria developed by OSA for financial statement and federal compliance audits.

The Award of Excellence is applied to all state agencies, universities that are part of the UNC System, and community colleges that are part of the North Carolina Community College System that receive financial statement and federal compliance audits. The criteria for receiving the award are as follows:

TIMELINESS:

- **Financial Statement:** OSA must receive the state entity's unaudited financial statement package by the deadline established by the State of North Carolina Office of the State Controller (OSC).
- **Single Audit:** OSC must receive the state entity's Single Audit reporting by the deadline established by OSC.

ADJUSTMENTS:

- **Financial Statement:** Upon completion of OSA's financial statement audit of the state entity, there must be no record of any significant¹ audit adjustments made.

FINDINGS:

- **Financial Statement:** Upon completion of OSA's financial statement audit, there must be no record of any audit findings (significant deficiencies, material weakness, or other findings required to be reported by auditing standards).²
- **Single Audit:** Upon completion of OSA's federal compliance audit work to support the Statewide Single Audit, there must be no record of any audit findings (significant deficiency, material weakness, material noncompliance, questioned cost finding or other finding required by auditing standards).

¹ Significant audit adjustment in respect to the award refers to any adjustment proposed by the auditors after the submission of the financial statements that is more than performance materiality, individually or in the aggregate. Adjustments include adjustments to the Financial Statements (including Statement of Cash flows) and Note Disclosures.

² Auditing Standards include any applicable auditing standards per the specific audit type.



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PROCESS: Throughout OSA’s audit, there must be no record of any audit delays.

Delays include but are not limited to:

- Component unit audit reports are completed and received by the date requested by OSA.
- Audit requests are received in a timely manner without any delays caused to the audit process.
- No significant difficulties encountered during the audit requiring disclosure to those charged with governance.
- Other significant items requiring disclosure to those charged with governance.

The state entity also must not be under any investigation by OSA, and there must be no record of any noncompliance with laws or regulations. Furthermore, the entity must not be under any financial/going concern issues.

DETERMINATION

- The Director of Quality Assurance and Risk Management and Financial Audit Directors will conduct a review to determine if the eligible state entity meets the criteria for the State Auditor’s Award of Excellence. If an award is warranted, the Communications Director will be notified to begin the process of making a record of the award winner, drafting any public documents for release, and acquiring the physical award for delivery.

NOTE

- An award can be rescinded by OSA should any disqualifying matter that would typically eliminate a state entity from eligibility come to the attention of OSA afterwards.

Criteria will be applied to state entities subject to Fiscal Year 2025 financial statement and federal compliance audits. Winners have been retroactively determined for FY 2024 and include:

Financial Statement Audits

- | | |
|--|--------------------------------|
| • North Carolina Department of Revenue | • NC State University |
| • Isothermal Community College | • UNC – Greensboro |
| • Lenoir Community College | • UNC – Charlotte |
| • Sampson Community College | • UNC – Asheville |
| • Wilkes Community College | • East Carolina University |
| • North Carolina Ports Authority | • Western Carolina University |
| • UNC School of the Arts | • Appalachian State University |
| • UNC – Chapel Hill | |



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Single Audit³

- NC State University – Student Financial Assistance Cluster
- Fayetteville State University – Student Financial Assistance Cluster and Higher Education Institutional Aid
- Isothermal Community College – Student Financial Assistance Cluster
- Wilkes Community College – Student Financial Assistance Cluster
- North Carolina Community College System – Coronavirus State and Local Fiscal Recovery Funds
- North Carolina Office of State and Budget Management – Coronavirus State and Local Fiscal Recovery Funds
- North Carolina Department of Public Instruction – Child Nutrition Cluster and Student Support and Academic Enrichment Program
- North Carolina Department of Agriculture – Food Distribution Cluster and Child Nutrition Cluster
- North Carolina Department of Information Technology – Coronavirus State and Local Fiscal Recovery Fund

Each entity that won for FY 2024 will be sent an award, and public announcement will be made. Awardees will be displayed on OSA's public website as well. Winners for FY 2025 will be announced in bulk, upon completion of all FY 2025 audits.

This is an exciting development for North Carolina! We look forward to recognizing state entities that set themselves apart from the competition and meet the eligibility requirements established by the State Auditor's Office. Please do not hesitate to contact myself or my office with any questions.

³ Represents federal compliance audit work completed that supports the State of North Carolina's Statewide Single Audit.