

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

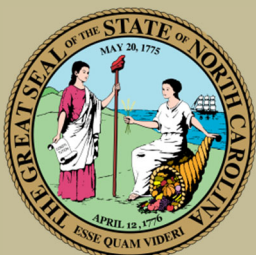
BETH A. WOOD, CPA



NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

RALEIGH, NORTH CAROLINA

STATEWIDE FINANCIAL STATEMENT AUDIT PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2021



NCOSA
The Taxpayers' Watchdog

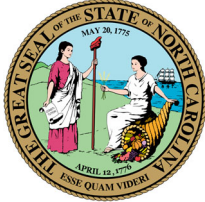


Beth A. Wood, CPA
State Auditor

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STATE OF NORTH CAROLINA
Office of the State Auditor



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State Auditor

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AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
The General Assembly of North Carolina
J. Eric Boyette, Secretary
North Carolina Department of Transportation

As part of our audit of the State of North Carolina's financial statements, we have completed certain audit procedures on selected accounts and disclosures at the North Carolina Department of Transportation (Department) as of and for the year ended June 30, 2021.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit objective was to render an opinion on the State of North Carolina's financial statements based on our audit procedures referred to above. However, the audit results described below are in relation to our audit scope at the Department and not to the State of North Carolina as a whole. The State Auditor expresses an opinion on the State of North Carolina's financial statements in the *Annual Comprehensive Financial Report* published by the North Carolina Office of the State Controller.

Our audit was performed by authority of Chapter 147, Article 5A of the *North Carolina General Statutes*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the State's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be

prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Transmittal

The purpose of this transmittal is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. Accordingly, this transmittal is not suitable for any other purpose.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

December 8, 2021

ORDERING INFORMATION

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For additional information contact the
North Carolina Office of the State Auditor at:

919-807-7666



This audit required 1,672 hours at an approximate cost of \$177,232.