

Statewide Financial Statement Audit Procedures

For the Year Ended June 30, 2024

UNBIASED. IMPACTFUL. IRREFUTABLE.



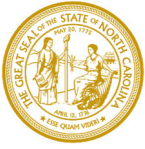
A Department of the
State of North Carolina



Table of Contents

	Page
Auditor's Transmittal.....	1
Ordering Information	3

Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

Auditor's Transmittal

The Honorable Josh Stein, Governor
Honorable Members of the North Carolina General Assembly

As part of our audit of the State of North Carolina's financial statements, we have completed certain statewide audit procedures on selected accounts and disclosures included in the State's *Annual Comprehensive Financial Report* as of and for the year ended June 30, 2024. Specifically, we performed statewide financial statement audit procedures at the following entities for which separate annual financial reports are not issued:

Office of State Budget and Management	Department of Health and Human Services
Department of State Treasurer	Department of Adult Correction
Department of Public Instruction	Department of Commerce
Office of the State Controller	Department of Revenue
Department of Transportation	Department of Public Safety
Department of Environmental Quality	

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 opinions 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 entities listed above and not to the State of North Carolina as a whole. The State Auditor expresses opinions 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 each entity'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 each entity's internal control. Accordingly, we do not express an opinion on the effectiveness of each entity'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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. 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 each entity'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 statewide financial statement audit procedures, including our testing of internal control and compliance and the results of that testing. We did not provide an opinion on each entity's financial statements nor on the effectiveness of each entity's internal control or on compliance. Accordingly, this transmittal is not suitable for any other purpose.

In accordance with *Government Auditing Standards*, we will publish our report on the State of North Carolina's internal control over financial reporting and on compliance and other matters at a later date in the State of North Carolina's *Single Audit Report*.

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.



Dave Boliek
State Auditor

Raleigh, North Carolina

December 19, 2024

Ordering Information

Copies of this report may be obtained by contacting:

Office of the State Auditor
State of North Carolina
20601 Mail Service Center
Raleigh, North Carolina 27699

Telephone: 919-807-7500
Fax: 919-807-7647
Internet: www.auditor.nc.gov



To report alleged incidents of fraud, waste or abuse in state government contact the Office of the State Auditor's Tipline:

Telephone: 1-800-730-8477

Internet: www.auditor.nc.gov/about-us/state-auditors-tipline

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

919-807-7666



The statewide financial statement audit procedures performed across the individual entities required a total of 12,868 hours at an approximate cost of \$2.0 million, including the costs associated with the audit of the State's *Annual Comprehensive Financial Report*.