



Ralph Campbell, Jr.
State Auditor

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March 27, 2003

The Honorable Michael F. Easley, Governor
Secretary Gwynn T. Swinson
Department of Administration
Members of the North Carolina General Assembly

Ladies and Gentlemen:

At the request of the Vice President for Finance of the University of North Carolina (UNC-GA), we have reviewed the most current information on the status of the University bond projects. This review was undertaken to determine whether the updated information changed any of the recommendations contained in the performance audit on the Office of State Construction released in December 2002 by the Office of the State Auditor.

In the audit we looked at the role of the State Construction Office in decentralized projects. As part of the background information on decentralized projects, we included a table that gave a summary of the major design and construction milestones as of February 2002. UNC-GA personnel informed us that the milestones were based on schedules that had been prepared immediately upon passage of the bond program in November 2000.

In discussions with UNC-GA staff since the release of the report, we learned that UNC-GA and the Bond Project Oversight Committee considered this information to be preliminary. Further, UNC-GA has now updated the project schedules to reflect more current milestone dates. We understand that this updated schedule has been accepted by the Oversight Committee. The summary of the updated information as supplied by UNC-GA is included in the table on the next page. While we did not audit this information, we did include the percentages for each category for information purposes.

In the State Construction performance audit report, we recommended that the General Assembly should review the effect of all decentralized projects on information provided by State Construction about the State's capital improvement plan. This recommendation was made because we found that the Office of State Construction and the State Building Commission, who are held responsible for reporting on the capital improvement plan, did not have current data on many decentralized projects, including the University bond projects. While the updated project schedule does change the number of university bond projects on schedule, we feel the recommendation made in the December 2002 report is still valid. We would note, however, that our recommendation has only to do with reporting status information to the Office of State Construction on a periodic basis. **We did not recommend re-centralizing any of the decentralized capital improvement projects under the State Construction Office.**

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SUMMARY OF UNIVERSITY BOND PROGRAM PROJECTS As of March 2003									
INSTITUTION	TOTAL NUMBER OF EVENTS	% TOTAL	EVENTS AHEAD OF SCHEDULE	%	EVENTS ON SCHEDULE	%	EVENTS BEHIND SCHEDULE	%	AVERAGE VARIANCE FROM SCHEDULE IN DAYS (Positive Number Means Ahead of Schedule)
ASU	37	5.0%	8	21.6%	11	29.7%	18	48.6%	-8
ECU	23	3.1%	1	4.3%	6	26.1%	16	69.6%	-69
ECSU	45	6.1%	4	8.9%	13	28.9%	28	62.2%	-53
FSU	36	4.9%	21	58.3%	1	2.8%	14	38.9%	49
NCAT	47	6.4%	4	8.5%	21	44.7%	22	46.8%	-23
NCCU	69	9.3%	22	31.9%	6	8.7%	41	59.4%	-70
NCSU	84	11.4%	12	14.3%	23	27.4%	49	58.3%	-42
NCSA	30	4.1%	2	6.7%	9	30.0%	19	63.3%	-78
UNCA	18	2.4%	2	11.1%	6	33.3%	10	55.6%	-35
UNCC	48	6.5%	13	27.1%	8	16.7%	27	56.3%	-27
UNCCH	111	15.0%	11	9.9%	29	26.1%	71	64.0%	-84
UNCG	36	4.9%	17	47.2%	9	25.0%	10	27.8%	38
UNCP	27	3.7%	9	33.3%	3	11.1%	15	55.6%	-28
UNCW	40	5.4%	14	35.0%	4	10.0%	22	55.0%	-40
WCU	47	6.4%	6	12.8%	21	44.7%	20	42.6%	-24
WSSU	40	5.4%	14	35.0%	17	42.5%	9	22.5%	3
TOTALS	738		160	21.7%	187	25.3%	391	53.0%	-37

Source: UNC General Administration, UNAUDITED BY OSA

I hope this letter clears up any misunderstanding that may have resulted from erroneous news stories since the audit report was issued last December. I would like to thank the UNC General Administration staff for working with us to resolve this issue. Should you have any questions, please let me know.

Sincerely,



Ralph Campbell, Jr.
 State Auditor

RCjr:dr

cc: President Molly Corbett Broad
 Office of the President
 University of North Carolina
 Mr. Jeffrey R. Davies
 Vice President for Finance
 Office of the President
 University of North Carolina
 Mr. Speros Flegas
 Director, State Construction Office