

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



Ralph Campbell, Jr.  
State Auditor

2 S. Salisbury Street, Raleigh, NC  
Mailing Address: 20601 Mail Service Center  
Raleigh, NC 27699-0601  
Telephone: (919) 807-7500  
Fax: (919) 807-7647  
Internet <http://www.ncauditor.net>

---

**PRESS RELEASE**

---

For Immediate Release:

January 13, 2005

For additional information contact:

Ralph Campbell, Jr., State Auditor  
(919) 807-7500  
[rcampbel@ncauditor.net](mailto:rcampbel@ncauditor.net)

## Population growth and aging pose daunting challenges for State in future, Auditor Ralph Campbell says

RALEIGH \_ The explosive growth in North Carolina's population as well as the aging of Baby Boomers pose substantial challenges for North Carolina that cut across agency lines, State Auditor Ralph Campbell said in a study of the potential risks and opportunities facing the State released Thursday.

The study, the first of its kind in North Carolina, was based on the "High Risk Assessment" performed for the federal government by the Government Accountability Office (GAO). Comptroller General David Walker updates the federal High-Risk Assessment every two years for the benefit of Congress.

The Performance Audit section of the Office of the State Auditor developed the system for analyzing the broad challenges faced by all State agencies. The study also ranks State agencies for potential risks and opportunities based on their size, the complexity of the programs they administer and their impact on State residents. As part of the study process, personnel from each agency reviewed the data compiled about it and offered additional information that was considered in the analysis.

Auditors identified areas the State will have to address relative to general management issues, financial management and accountability, information technology and human capital in the coming years. The study indicated that larger agencies, like the Department of Health and Human Services and the University of North Carolina System, face both the greatest potential risks and the greatest opportunities.

"We set out to perform this study, in large part, as a tool we could use to decide where to focus our audit efforts in times of tight resources," Campbell said. "But it truly is much more than that. One of the most difficult things to do in State government is to step back and look at the big picture. This study, we believe, will help the Executive, Legislative and Judicial branches of government as they wrestle to keep pace with sweeping changes in North Carolina."



While this study does not contain recommendations, Campbell said the State, like other businesses, needs to focus more on its human capital to provide services effectively and efficiently in the future.

“As we move more and more to a knowledge-based economy, State government is becoming more reliant on knowledge workers in every position, from clerical to top management,” Campbell said. “But we are not doing a very good job in State government of attracting and keeping the workers we need. Our pay and benefits are way out of line with private industry, which competes with us for the same kinds of workers.

”A shining example of outstanding management practices is right in the heart of Research Triangle Park—SAS Institute,” Campbell said. “I believe we need to take a hard look at the SAS model, which provides its employees with on-site day care, fitness facilities and other benefits, not from some warm and fuzzy notions of being kind to people, but for sound business reasons. Dr. Jim Goodnight and his management realize that the biggest asset they have is the human capital that comes through their doors every day. That is a management culture we need to develop in State government if we expect to successfully face the challenges before us.”

The report is available on-line at <http://www.ncauditor.net/EPSSWeb/EDSreportdetail.asp?RepNum=PER-2005-0211>. The report also is available at the Office of the State Auditor web site: [www.ncauditor.net](http://www.ncauditor.net). Printed copies of the report also can be ordered from the web site.

