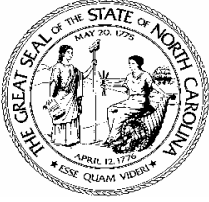


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Office of the State Auditor developing ‘strategic auditing’ process to identify potential problems in state spending

RALEIGH _ The Office of the State Auditor is developing a “strategic auditing” process to help identify unusual trends, and potential problems, in state spending, North Carolina State Auditor Leslie Merritt said Tuesday.

The strategic auditing process will use existing hardware, software and skills in the Information System Auditing Division to analyze millions of state transactions, far more than normally are checked during a regular agency audit. IS auditors perform security audits of State computer systems, certify the accuracy of computerized accounting systems for financial audit teams and conduct other critical technology analysis for the office. They are required to be experts both in auditing and computer systems.

“This allows us to proactively search for potential problems long before they would otherwise be spotted,” Merritt said. “We are moving, as other states have, to make the best use of existing technology to increase accountability to the taxpayers.”

Strategic auditing, Merritt said, could possibly have detected unusual spending in the Wake County schools transportation department. Two school officials and three other people linked to a parts supplier were indicted earlier this month on charges of fraudulently billing taxpayers for \$3.8 million over the last two years.

The indictments charge that some of those funds were used for school supplies, but much of the money was used by employees to purchase boats, cars, widescreen televisions and other items.

The technology used by the Office of the State Auditor is capable of automatically analyzing millions of transactions and flagging areas where there have been unusual increases or other changes in spending habits. Auditors can then follow up on the computerized analysis with a full audit focused on the identified areas.



The automated process should be able to be shared with other government agencies which want to analyze their spending trends, Merritt said.

“Anything we can do to identify problems while they are still manageable is best for us, for the agencies and certainly for the taxpayers,” Merritt said. “

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