

SUMMARY

At the request of the Division of Community Development (DCD) and the Capital Improvement Office (CIO), the Office of the Auditor General (OAG) conducted a 3rd follow up review of the CIO corrective action plan implementation status.

The corrective action plan (CAP) was approved by the Budget and Finance Committee on September 04, 2001 per resolution number BFS-97-01. In accordance with 12 N.N.C. Section 7(G), the Office of the Auditor General conducted a twelve month follow up review and presented the results of this review on June 23, 2003. The follow up review concluded that the CIO did not fully implement its CAP. Consequently, the audit findings remained unresolved.

In the absence of significant improvement, the Office of the Auditor General made a recommendation to sanction the CIO in accordance with 12 N.N.C. Sections 9(B) and 9(C). With support of the CIO's oversight committee (Transportation and Community Development Committee), the Budget and Finance Committee approved the Auditor General's recommendation to sanction CIO on September 09, 2003 per resolution number BFS-141-03.

In 2005, CIO requested a supplemental follow up review and OAG issued a report on January 19, 2005. The supplemental review found the CIO did not make sufficient improvements in fully implementing its corrective action plan. Consequently, the sanction imposed against the program and its director was not lifted.

This 3rd follow up review focused specifically in determining whether the CIO implemented its corrective action plan to resolve the audit findings. In meeting our objective, we interviewed program staff, examined available documentation and tested a sample of project files for required documentation and compliance with established policies and procedures. The sample was selected using non-statistical, judgmental sampling methods.

The 3rd follow up review found that the CIO has not fully implemented its corrective action plan. Consequently, there is no reasonable basis for lifting the sanctions currently being imposed against the program and its director. In accordance with 12 N.N.C. § 9(B) and (C), program funds and director salary will continue to be withheld until such time that the CIO has fully implemented its corrective action plan to resolve the audit findings.