

SUMMARY

At the request of the Insurance Services Department (ISD), the Office of the Auditor General (OAG) conducted a supplemental follow-up review on the status of the ISD Corrective action plan (CAP) implementation. The CAP was approved by the Budget and Finance Committee (BFC) on July 5, 2005 per resolution no. BFJY-39-05. OAG conducted a follow-up review on ISD and found that there was minimal effort by ISD to implement the corrective actions. Thereafter, OAG recommended sanctions on ISD in accordance with 12 N.N.C., § 9(B) and 9(C). The BFC approved the sanctions on October 23, 2007 via resolution no. BFO-44-07.

This supplemental follow-up review focused on determining whether ISD has fully implemented its corrective action plan to resolve the audit findings. Our supplemental follow up review found:

- 8 of 14 corrective actions have been implemented.
- 2 of 14 corrective actions are in the process of being implemented.
- 4 of 14 corrective actions are not implemented.

Overall, the corrective action plan approved by the Budget and Finance Committee in July 2005 has not been fully implemented. Consequently, there is no reasonable basis for lifting the sanctions currently being imposed against the program. In accordance with 12 N.N.C. § 9(B), program funds will continue to be withheld until such time that the Insurance Services Department has demonstrated that the corrective action plan has been implemented.