



State of North Carolina

Department of State Treasurer

RICHARD H. MOORE
TREASURER

*State and Local Government Finance Division
and the Local Government Commission*

T. VANCE HOLLOMAN
DEPUTY TREASURER

September 2, 2008

Ms. Laketha M. Miller, Controller
North Carolina Department of Health and Human Services
Office of the Controller
2019 Mail Service Center
Raleigh, NC 27699-2019

Dear Ms. Miller:

Thank you for your letter your letter dated February 27, 2008, bringing to our attention the issues that have been raised by the DHHS/Division of Social Services staff regarding the county single audit process.. We would like to be informed of any concerns your agency has with the single audit process or concerns with the independent auditors that audit North Carolina counties.

We have informed auditors and county officials of the concerns presented in your letter at our annual NC State Treasurer's Accounting, Auditing, Financial Management Conferences in both New Bern and Statesville, at the Local Government Update at the NCACPA Local Government Conference in Greensboro, NC, and the NC Governmental Finance Officers Association Conference at Wrightsville Beach, NC. We will continue to highlight these concerns at future speaking engagements and plan to issue a memorandum that will address these as well as other single audit topics.

Specifically we informed the auditors and county officials:

- Local DSS staff should be invited to the exit conference or any meeting that discusses the results of the audit of DSS programs and such findings.
- Local DSS should assist in preparing the corrective action plan.
- Local auditors should share with county staff the identifying case numbers. DHHS Controller's office requests that the case number submitted to their office. We informed the auditors and county officials that Don McLamb with DHHS/Officer of Controller the contact person for these identifying numbers.
- The county staff should correct any deficiencies found in the audit.

When our office received your letter; we sent an inquiry to independent county auditors that audit 47 of the 100 counties. They informed us that they do include local DSS staff in exit conferences, felt that these staff members were assisting in corrective action plans, and the local DSS staff were being given identifying case numbers in instances where there were findings. In the auditors' opinions, the identifying case numbers should not be included in the audit, but they indicated that they could send this information to your office in the future.

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I hope this sufficiently addresses the issues raised in your letter. If you have any questions and would like to discuss, please contact James Burke at 919-807-2389. Again, thank you for bringing this matter to our attention.

Sincerely,



Sharon G. Edmundson, CPA
Director, Fiscal Management Section

SGE/jlb

cc: Don McLamb