



CHAPTER 115C
ARTICLE 31 - THE SCHOOL BUDGET AND FISCAL CONTROL ACT

N.C.G.S. § 115C-447.

Annual independent audit.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 2005-276, s. 7.58 — seventh act in the lineage	RETRIEVED 21 September 2026, 04:16 UTC	SOURCE FINGERPRINT 807716396dacfba4117b82a - fbc8c2387ff915c17daa3928 - 5e97fafc35e565d7
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§ 115C-447(a) Each local school administrative unit shall have its accounts and the accounts of individual schools therein audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Local Government Commission as qualified to audit local government accounts. The auditor who audits the accounts of a local school administrative unit shall also audit the accounts of its individual schools. The auditor shall be selected by and shall report directly to the board of education. The audit contract shall be in writing, shall include all its terms and conditions, and shall be submitted to the Secretary of the Local Government Commission for his approval as to form, terms and conditions. The terms and conditions of the audit contract shall include the scope of the audit, and the requirement that upon completion of the examination the auditor shall prepare a typewritten or printed report embodying financial statements and his opinion and comments relating thereto. The financial statements accompanying the auditor's report shall be prepared in conformity with generally accepted accounting principles. The auditor shall file a copy of the audit report with the Secretary of the Local Government Commission, the State Board of Education, the board of education and the board of county commissioners, and shall submit all bills or claims for audit fees and costs to the Secretary of the Local Government Commission for his approval. It shall be unlawful for any local school administrative unit to pay or permit the payment of such bills or claims without this approval. Each officer, employee and agent of the local school administrative unit having custody of public money or responsibility for keeping records of public financial or fiscal affairs shall produce all books and records requested by the auditor and shall divulge such information relating to fiscal affairs as he may request. If any member of a board of education or any other public off -

icer, employee or agent shall conceal, falsify, or refuse to deliver or divulge any books, records, or information, with an intent thereby to mislead the auditor or impede or interfere with the audit, he is guilty of a Class 1 misdemeanor.

The State Auditor shall have authority to prescribe the manner in which funds disbursed by administrative units by warrants on the State Treasurer shall be audited.

§ 115C-447(b)

When the State Board of Education finds that incidents of fraud, embezzlement, theft, or management failures in a local school administrative unit make it appropriate to review the internal control procedures of the unit, the State Board of Education shall so notify the unit. If the incidents were discovered by the firm performing the audit under subsection (a) of this section, the board of the local school administrative unit shall submit the audit together with a plan for any corrective actions relative to its internal control procedures to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit. Where the firm preparing the audit under subsection (a) of this section identifies significant problems with internal control procedures the local school administrative unit shall submit the audit together with a plan for any corrective actions relative to its internal control procedures to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit.

If the incidents were not discovered by the firm performing the audit under subsection (a) of this section, the State Board of Education and the Local Government Commission shall employ an audit firm to review the internal control procedures of that local school administrative unit. Upon completion of this review, the audit firm shall report publicly to the State Board of Education, the Local Government Commission, and the board of the local school administrative unit. If the State Board of Education determines that significant changes are needed in the internal control procedures of the local school administrative unit, the local board shall submit a plan of corrective actions to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit. The local school administrative unit shall pay the cost of this audit.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I
7 ACTS

Amendment lineage

A horizontal timeline from 1975 to 2005. The timeline is a red line with vertical tick marks. The years 1975, 1990, and 2005 are labeled below the line. There are four tick marks in total: one at 1975, one at approximately 1982, one at approximately 1998, and one at 2005. The tick mark at 1975 is labeled 'Gender'. The tick mark at approximately 1982 is labeled 'Gender'. The tick mark at approximately 1998 is labeled 'Gender'. The tick mark at 2005 is labeled 'Gender'.

Nº	YEAR	ACT	CHARACTER
01	1975	c. 437, s. 1	ENACTED
02	1981	c. 423, s. 1	AMENDED
03	1983	c. 913, s. 17	AMENDED
04	1983	1987 (Reg. Sess., 1988), c. 1025, s. 14	AMENDED
05	1993	c. 539, s. 891	AMENDED
06	1994	Ex. Sess., c. 24, s. 14(c)	AMENDED
07	2005	S.L. 2005-276, s. 7.58	AMENDED

Citation

N.C. Gen. Stat. § 115C-447 (2005).

N.C. Gen. Stat. § 115C-447(a) (2005).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

Provenance

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The text of the section is unaltered. Subsection designators have been moved from the run of text into the margin. The amendment history and the table of authorities are derived from the section by mechanical extraction — they add no characterization of the law.

This is not the official text. The official text is published by the General Assembly of North Carolina.

HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1975, c. 437, s. 1; 1981, c. 423, s. 1; 1983, c. 913, s. 17; 1987 (Reg. Sess., 1988), c. 1025, s. 14; 1993, c. 539, s. 891; 1994, Ex. Sess., c. 24, s. 14(c); 2005-276, s. 7.58.)

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