

§ 147-64.4. Definitions.

The following definitions apply in this Article:

- (1) Recodified as subdivision (2a) of this section by Session Laws 2021-112, s. 2(a).
- (2) Accounting system or system of accounting. – The total structure of records and procedures that discover, record, classify, and report information on the financial position and operating results of a State agency or any of its funds, balanced account groups, and organizational components.
- (2a) Audit. – An independent review or examination of State agency organizations, programs, activities, and functions. The purpose of an audit is to help ensure full accountability and assist State agency officials and employees in carrying out their responsibilities. The elements of an audit are as follows:
 - a. Financial and compliance: to determine whether financial operations are properly conducted, whether the financial reports of a State agency are presented fairly, and whether the State agency has complied with applicable laws.
 - b. Economy and efficiency: to determine whether the State agency is managing or utilizing its resources (such as personnel and property) in an economical and efficient manner and the causes of any inefficiencies or uneconomical practices, including inadequacies in laws, management information systems, administrative policies and procedures, or organizational structures.
 - c. Program results: to determine whether the desired results or benefits are being achieved, whether the objectives established by the General Assembly or another authorizing body are being met, and whether the State agency has considered alternatives that might yield desired results at lower costs.
 - d. An audit may include all three elements or only one or two. It is not intended or desirable that every audit include all three. Economy and efficiency and program result audits should be selected when their use will meet the needs of expected users of audit results.
- (3) Federal agency. – Any department, agency, or instrumentality of the federal government and any federally owned or controlled corporation.
- (3a) Investigation. – An independent review or examination of an allegation of an improper governmental activity regarding a State agency organization, program, activity, or function. The purpose of an investigation is to help ensure full accountability and assist State agency officials and employees in carrying out their responsibilities.
- (4) State agency. – Any department, political subdivision, institution, board, commission, committee, division, bureau, officer, official or any other entity for which the State has oversight responsibility, including but not limited to, any university, mental or specialty hospital, community college, or clerk of court. (1983, c. 913, s. 2; 1987, c. 564, s. 31; 2021-112, s. 2(a), (b).)