

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 1024
HOUSE BILL 2136

AN ACT TO ESTABLISH THE OFFICE OF THE STATE CONTROLLER.

The General Assembly of North Carolina enacts:

Section 1. Article 9 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 28. Office of the State Controller.

"§ 143B-426.35. **Definitions.**—As used in this Part, unless the context clearly indicates otherwise:

- (1) 'Accounting system' means the total structure of records and procedures which discover, record, classify, and report information on the financial position and operating results of a governmental unit or any of its funds, balanced account groups, and organizational components.
- (2) 'Office' means the Office of the State Controller.
- (3) 'State agency' means any State agency as defined in G.S. 147-64.4(b)(2).
- (4) 'State funds' means any moneys appropriated by the General Assembly, or moneys collected by or for the State, or any agency of the State, pursuant to the authority granted in any State laws.

"§ 143B-426.36. **Office of the State Controller; creation.**— There is created the Office of the State Controller. This office shall be located administratively within the Department of Administration but shall exercise all of its prescribed statutory powers independently of the Secretary of Administration.

"§ 143B-426.37. **State Controller.**—(a) The Office of the State Controller shall be headed by the State Controller who shall maintain the State accounting system and shall administer the State disbursing system.

(b) The State Controller shall be a person qualified by education and experience for the office. He shall be appointed by the Governor subject to confirmation by the General Assembly. The term of office of the State Controller shall be for seven years; the first full term shall begin July 1, 1987.

The Governor shall submit the name of the person to be appointed, for confirmation by the General Assembly, to the President of the Senate and the Speaker of the House of Representatives by May 1 of the year in which the State Controller is to be appointed. If the Governor does not submit the name by that date, the President of the Senate and the Speaker of the House of Representatives shall submit a name to the General Assembly for confirmation.

In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for any other reason in the Office of State Controller prior to the expiration of his term while the General Assembly is in session, the Governor shall submit the name of his successor to the President of the Senate and the Speaker of the House of Representatives within four weeks after the vacancy occurs. If the Governor does not do so, the President of the Senate and the Speaker of the House of Representatives shall submit a name to the General Assembly for confirmation.

In case of death, incapacity, resignation, removal by the Governor for cause, or vacancy for any other reason in the Office of State Controller prior to the expiration of his term while the General Assembly is not in session, the Governor shall appoint a State Controller to serve on an interim basis pending confirmation by the General Assembly.

Notwithstanding the provisions of this section, the Governor may appoint a State Controller to serve from the effective date of this act until July 1, 1987, or until the 1987 General Assembly disapproves the appointment.

(c) The salary of the State Controller shall be set by the General Assembly in the Budget Appropriations Act.

"§ 143B-426.38. Organization and operation of office.—(a) The State Controller may appoint a Chief Deputy State Controller. The salary of the Chief Deputy State Controller shall be set by the State Controller.

(b) The State Controller may appoint all employees necessary to carry out his powers and duties. These employees shall be subject to the State Personnel Act.

(c) All employees of the office shall be under the supervision, direction, and control of the State Controller. Except as otherwise provided by this Part, the State Controller may assign any function vested in him or his office to any subordinate officer or employee of the office.

(d) The State Controller may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the services of independent public accountants, qualified management consultants, and other professional persons or experts to carry out his powers and duties.

(e) The State Controller shall have legal custody of all books, papers, documents, and other records of the office.

(f) The State Controller shall be responsible for the preparation of and the presentation of the office budget request, including all funds requested and all receipts expected for all elements of the budget.

(g) The State Controller may adopt regulations for the administration of the office, the conduct of employees of the office, the distribution and performance of business, the performance of the functions assigned to the State Controller and the office of the State Controller, and the custody, use, and preservation of the records, documents, and property pertaining to the business of the office.

"§ 143B-426.39. Powers and duties of the State Controller.— The State Controller shall:

(1) Prescribe, develop, operate, and maintain in accordance with generally accepted principles of governmental accounting, a uniform state accounting system for all state agencies. The system shall be designed to assure compliance with all legal and

constitutional requirements including those associated with the receipt and expenditure of, and the accountability for public funds.

(2) On the recommendation of the State Auditor, prescribe and supervise the installation of any changes in the accounting systems of an agency that, in the judgement of the State Controller, are necessary to secure and maintain internal control and facilitate the recording of accounting data for the purpose of preparing reliable and meaningful statements and reports. The State Controller shall be responsible for seeing that a new system is designed to accumulate information required for the preparation of budget reports and other financial reports.

(3) Maintain complete, accurate and current financial records that set out all revenues, charges against funds, fund and appropriation balances, interfund transfers, outstanding vouchers, and encumbrances for all State funds and other public funds including trust funds and institutional funds available to, encumbered, or expended by each State agency, in a manner consistent with the uniform State accounting system.

(4) Prescribe the uniform classifications of accounts to be used by all State agencies including receipts, expenditures, assets, liabilities, fund types, organization codes, and purposes. The State Controller shall also, after consultation with the Office of State Budget and Management, prescribe a form for the periodic reporting of financial accounts, transactions, and other matters that is compatible with systems and reports required by the State Controller under this section. Additional records, accounts, and accounting systems may be maintained by agencies when required for reporting to funding sources provided prior approval is obtained from the State Controller.

(5) Prescribe the manner in which disbursements of the State agencies shall be made, in accordance with G.S. 143-3.

(6) Operate a central payroll system, in accordance with G.S. 143-3.2 and 143-34.1.

(7) Keep a record of the appropriations, allotments, expenditures, and revenues of each State agency, in accordance with G.S. 143-20.

(8) Make appropriate reconciliations with the balances and accounts kept by the State Treasurer.

(9) Advise and assist the Director of the Budget with regard to the development and implementation of the State cash management policy, in accordance with G.S. 147-86.11.

(10) Prepare and submit to the Governor, the State Auditor, the State Treasurer, and the Office of State Budget and Management each month, a report summarizing by State agency and appropriation or other fund source, the results of financial transactions. This report shall be in the form that will most clearly and accurately set out the current fiscal condition of the State. The State Controller shall also furnish each State agency a report of its transactions by appropriation or other fund source in a form that will clearly and accurately present the fiscal activities and condition of the appropriation or fund source.

(11) Prepare and submit to the Governor, the State Auditor, the State Treasurer, and the Office of State Budget and Management, at the end of each quarter, a report on the financial condition and results of operations of the State entity for the period ended.

This report shall clearly and accurately present the condition of all State funds and appropriation balances and shall include comments, recommendations, and concerns regarding the fiscal affairs and condition of the State.

(12) Prepare on or before October 31 of each year, a Comprehensive Annual Financial Report of the preceding fiscal year, in accordance with G.S. 143-20.1.

(13) Perform additional functions and duties assigned to the State Controller, within the scope and context of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes."

Sec. 2. The last paragraph of G.S. 143-3 is amended by deleting "Director of the Budget" each time it appears and substituting "State Controller".

Sec. 3. G.S. 143-3.1 is rewritten to read:

"§ 143-3.1. Transfers of functions.—The functions of preaudit of State agency expenditures, issuance of warrants on the State Treasurer for State agency expenditures, and maintenance of records pertaining to these functions shall be transferred from the Director of the Budget to the Office of the State Controller. All statutory authority, personnel, unexpended balances of appropriations or other funds, books, papers, reports, files and other records of the Office of State Budget and Management pertaining to and used in the performance of these functions shall be transferred to the Office of the State Controller; office machinery and equipment used primarily in the performance of these functions shall also be transferred to the Office of the State Controller. The Governor is authorized to do all things necessary to effect an orderly and efficient transfer.

The functions of accounting systems development, maintenance, and coordination shall be transferred from the Office of the State Auditor to the Office of the State Controller. All statutory authority, personnel, unexpended balances of appropriations or other funds, books, papers, reports, files, software, documentation, and other records of the Auditor's Office pertaining to and used in the performance of these functions shall be transferred to the Office of the State Controller; office machinery, equipment, terminals and the like used primarily in the performance of these functions shall also be transferred to the Office of the State Controller. The State Auditor, with the advice and consent of the Governor, is authorized to do all things necessary to effect an orderly and efficient transfer."

Sec. 4. G.S. 143-3.2 is rewritten to read:

"The State Controller shall have the exclusive responsibility for the issuance of all warrants for the payment of money upon the State Treasurer. All warrants upon the State Treasurer shall be signed by the State Controller, who before issuing them shall determine the legality of payment and the correctness of the accounts.

When the State Controller finds it expedient to do so because of a State agency's size and location, the State Controller may authorize a State agency to make expenditures through a disbursing account with the State Treasurer. The State Controller shall authorize the Judicial Department and the General Assembly to make expenditures through such disbursing accounts. All deposits in these disbursing accounts shall be by the State Controller's warrant. A copy of each voucher making withdrawals from these disbursing accounts and any supporting data required by the State Controller shall be

forwarded to the Office of the State Controller monthly or as otherwise required by the State Controller.

A central payroll unit operating under the Office of the State Controller may make deposits and withdrawals directly to and from a disbursing account. The disbursing account shall constitute a revolving fund for servicing payrolls passed through the central payroll unit.

The State Controller may use a facsimile signature machine in affixing his signature to warrants."

Sec. 5. G.S. 143-3.3 is amended by deleting "Director of the Budget" each time it appears and substituting "State Controller".

Sec. 6. The first sentence of G.S. 143-7 is amended by deleting "Director" and substituting "State Controller"; and deleting "him" and substituting "the Director".

Sec. 7. The second paragraph of G.S. 143-7 is repealed.

Sec. 8. G.S. 143-8 is amended by deleting "State Disbursing Officer" each time it appears and substituting "State Controller".

Sec. 9. G.S. 143-8 is further amended by deleting "adopted by the Director" each time it appears and substituting "adopted by the State Controller".

Sec. 10. The last sentence of G.S. 143-9 is amended by deleting "The State Auditor" and substituting "The State Auditor and the State Controller".

Sec. 11. The fourth sentence of G.S. 143-11 is amended by deleting "Director" and substituting "State Controller".

Sec. 12. The second paragraph of G.S. 143-11 is amended by redesignating subdivisions (2), (3), and (4) as (a), (b), and (c).

Sec. 13. The second paragraph of G.S. 143-11 is further amended by inserting after subdivision (1) the following:

"(2) State Controller reports including:"

Sec. 14. The second sentence of G.S. 143-17 is amended by deleting "State Auditor who in the course of his audits" and substituting "State Controller who in the course of his operations".

Sec. 15. The first sentence of G.S. 143-19 is amended by deleting "State Disbursing Officer" and substituting "State Controller".

Sec. 16. G.S. 143-20 is amended by deleting "Director" each time it appears and substituting "State Controller".

Sec. 17. The first three sentences of G.S. 143-20.1 are amended by deleting "State Auditor" each time it appears and substituting "State Controller".

Sec. 18. G.S. 143-20.1 is amended by rewriting the fourth sentence to read: "These statements, along with the opinion of the State Auditor, shall be published as the official financial statements of the State and shall be distributed to the Governor, Office of State Budget and Management, members of the General Assembly, heads of departments, agencies and institutions of the State, and other interested parties."

Sec. 19. The fifth sentence of G.S. 143-20.1 is amended by deleting "State Auditor" and substituting "State Controller".

Sec. 20. The first sentence of G.S. 143-27.2 is amended by deleting "The Director of the Budget, upon written request" and substituting "The State Controller, upon written request".

Sec. 21. The last sentence of G.S. 143-31 is amended by deleting "State Disbursing Officer" each time it appears and substituting "State Controller".

Sec. 22. The first sentence of G.S. 143-34.1 is amended by deleting "State Disbursing Officer" and substituting "State Controller".

Sec. 23. The fifth sentence of G.S. 143-34.1 is amended by deleting "Director of the Budget" and substituting "State Controller".

Sec. 24. The third, fourth, fifth, and sixth sentences of G.S. 147-64.6(c)(10) are repealed and replaced with the following:

"In instances where the Auditor determines that existing systems are outmoded, inefficient, or otherwise inadequate, he shall recommend changes to the State Controller. The State Controller shall prescribe and supervise the installation of such changes, as provided in G.S. 143B-426.39(2)."

Sec. 25. G.S. 147-64.6(11) is rewritten to read:

"(11) The Auditor shall, through appropriate tests, satisfy himself concerning the propriety of the data presented in the Comprehensive Annual Financial Report and shall express the appropriate auditor's opinion in accordance with generally accepted auditing standards."

Sec. 26. G.S. 147-86.11 is amended by inserting after the language "State Treasurer" the language ", State Controller,".

Sec. 27. This act shall become effective August 1, 1986.

In the General Assembly read three times and ratified, this the 15th day of July, 1986.