

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 709
SENATE BILL 394

AN ACT TO ESTABLISH A GENERAL STATEWIDE CASH MANAGEMENT
POLICY FOR THE STATE OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. Chapter 147 of the General Statutes is amended by adding a new Article to read:

"Article 6A.

"Cash Management.

"§ 147-86.10. **Statement of policy.**—It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions and officers of the State, whether or not subject to the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, shall devise techniques and procedures for the receipt, deposit, and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances. This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public school administrative units, and the community colleges with respect to the receipt, deposit, and disbursement of monies required by law to be deposited with the State Treasurer and with respect to monies made available to them for expenditure by warrants drawn on the State Treasurer.

"§ 147-86.11. **Cash management for the State.**—(a) The Director of the Budget, with the advice and assistance of the State Treasurer and the State Auditor, shall develop, implement and amend as necessary a uniform statewide plan to carry out the cash management policy for all State agencies. The State Auditor shall report annually to the Advisory Budget Commission and the General Assembly on the implementation of the plan as shown in the audits completed during the prior fiscal year. The State Treasurer shall recommend periodically to the General Assembly any implementing legislation necessary or desirable in the furtherance of the State policy. When used in this section, 'State agency' means any agency, institution, bureau, board, commission or officer of the State; however, except as provided in G.S. 147-86.12, 147-86.13, and 147-86.14, this Article shall not apply to the agencies, institutions, bureaus, boards, commissions and officers of the General Court of Justice as defined in Article IV of the North Carolina Constitution or to the local school administrative units, community colleges, and technical institutes and their officers and employees.

(b) The State Auditor pursuant to his authority under G.S. 147-64.6 shall monitor agency compliance with this Article, and make any comments, suggestions, and recommendations he deems advisable to the agencies.

(c) The State Treasurer shall publish a quarterly report on all funds in the control or custody of the State Treasurer showing cash balances on hand, investments of cash balances and a comparative analysis of earnings and investment performances.

(d) The cash management plan adopted and implemented pursuant to this section shall provide that any net earnings on invested funds, whose beneficial owner is not the State or a local governmental unit, shall be paid to the beneficial owners of the funds. 'Net earnings' are the amounts remaining after allowance for the cost of administration, management, and operation of the invested funds.

(e) The receipt section of the uniform statewide plan promulgated by the Director of the Budget shall provide at a minimum that:

- (1) Except as otherwise provided by law, monies received by employees of State agencies in the normal course of their employment shall be deposited as follows:
 - a. Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G.S. 147-69.3.
 - b. All other monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
- (2) Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by statute;
- (3) Monies due to a State agency by another governmental agency or by private persons shall be promptly billed, collected and deposited;
- (4) Unpaid billings due to a State agency shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing; and
- (5) Monies received in the form of warrants drawn on the State Treasurer shall be deposited by the State agency directly with the State Treasurer and not through the banking system, unless otherwise approved by the State Treasurer.

(f) The disbursement section of the statewide plan adopted by the Director of the Budget shall provide at a minimum that:

- (1) Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee;
- (2) The order in which appropriations and other available resources are expended shall be subject to the provisions of G.S. 143-27 regardless of whether the State agency disbursing or expending the monies is subject to the Executive Budget Act.
- (3) Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.

- (4) Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable; and
 - (5) Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.
- (g) The interest earnings of the General Fund and Highway Fund shall be maximized to the extent practicable. To this end:
- (1) interest earnings shall not be allocated to an account by the State Treasurer unless all of the monies in the account are expressly eligible by law for receiving interest allocations;
 - (2) State officers and employees who receive monies in trust or for investment shall be solely responsible for properly segregating such funds for investment in the manner prescribed by law. The officer or employee charged with the responsibility for these monies shall be under a duty to segregate the funds in a timely manner. No investment income shall be allocated by the State Treasurer to trust or other investment accounts until properly segregated into investment accounts as provided by law and the rules of the State Treasurer.
- (h) The cash management plan shall consider new technologies and procedures whenever the technologies and procedures are economically beneficial to the State as a whole. Where the new technologies and procedures may be implemented without additional legislation, the technologies and procedures shall be implemented in the plan.
- (i) A willful or continued failure of an employee paid from State funds or employed by a State agency to follow this cash management policy and the statewide cash management plan adopted by the Director of the Budget is sufficient cause for immediate dismissal of the employee.

"§ 147-86.12. Cash management for school administration units.—All school administrative units and their officers and employees are subject to the provision of G.S. 147-86.11 with respect to monies required by law to be deposited with the State Treasurer and with respect to monies made available to the school administrative unit for expenditure by warrants drawn on the State Treasurer.

"§ 147-86.13. Cash management for community colleges.—All community colleges and technical institutes and their officers and employees are subject to the provisions of G.S. 147-86.11 with respect to monies required by law to be deposited with the State Treasurer and with respect to monies made available to them for expenditure by warrants drawn on the State Treasurer.

"§ 147-86.14. Cash management for the General Court of Justice.—All agencies, institutions, bureaus, boards, commissions, and officers of the General Court of Justice as defined in Article IV of the Constitution are subject to the provisions of G.S. 147-86.11 with respect to monies required by law to be deposited with the State Treasurer and with respect to monies made available to them for expenditure by warrants drawn on the State Treasurer; provided, that the provisions of G.S. 147-86.11 shall not apply to

any funds deposited with a clerk of superior court unless the beneficial owner of the funds is either the State or a local governmental unit of the State."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 11th day of July, 1985.