

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1235

Short Title: Grants/Fiscal Accountability.

(Public)

Sponsors: Representatives Jones; Warner and Bowman.

Referred to: Government.

April 12, 1989

A BILL TO BE ENTITLED

AN ACT TO PROMOTE FISCAL ACCOUNTABILITY OF NON-STATE ENTITIES
THAT RECEIVE GRANTS OF PUBLIC FUNDS.

The General Assembly of North Carolina enacts:

Section 1. Article 1 of Chapter 143 of the General Statutes is amended by adding the following new sections to read:

"§ 143-31.6. Repayment of unused grants; reports.

(a) Whenever funds are appropriated directly to a specific non-State entity named in the act making the appropriation and the funds are not expended or encumbered by that entity before the end of the next fiscal year following the fiscal year for which the funds were appropriated, the entity shall within 30 days repay to the State all sums not expended or encumbered. For the purposes of this section, the term 'non-State entity' includes a corporation, association, club, board, commission, city, county, or local school administrative unit or board of education, but does not include a community college.

(b) Every non-State entity so appropriated funds shall report to the State Budget Office no later than December 31 following the fiscal year for which the funds were appropriated the amount of the funds not yet expended or encumbered. The State Budget Office shall monthly transmit a copy of these reports to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

"§ 143-31.7. Audit of nonprofit corporations receiving State funds.

Any nonprofit corporation or organization that receives one thousand dollars (\$1,000) or more in State funds shall, at the request of the State Auditor, submit to an audit by the Office of the State Auditor for the fiscal year in which such funds were

1 received. Every nonprofit corporation or organization that has an audit performed
2 pursuant to this section or G.S. 159-40 shall file a copy of the audit report with the
3 office of the State Auditor."

4 Sec. 2. G.S. 159-40 reads as rewritten:

5 **"§ 159-40. Special regulations pertaining to nonprofit corporations receiving public**
6 **funds.**

7 (a) If a city or county grants or appropriates one thousand dollars (\$1,000) or
8 more in any fiscal year to a nonprofit corporation or organization, the city or county
9 may require that the nonprofit corporation or organization have an audit performed for
10 the fiscal year in which the funds are received and may require that the nonprofit
11 corporation or organization file a copy of the audit report with the city or county.

12 ~~(b) Any nonprofit corporation or organization which receives one thousand~~
13 ~~dollars (\$1,000) or more in State funds shall, at the request of the State Auditor, submit~~
14 ~~to an audit by the office of the State Auditor for the fiscal year in which such funds were~~
15 ~~received.~~

16 (c) Every nonprofit corporation or organization which has an audit performed
17 pursuant to this section or G.S. 143-31.7 shall file a copy of the audit report with the
18 office of the State Auditor.

19 (d) The provisions of this section shall not apply to sheltered workshops or to
20 Adult Development Activity Programs or to private residential facilities for the mentally
21 retarded and developmentally disabled or to Developmental Day Care Centers or to any
22 nonprofit corporation or organization whose sole use of public funds is to provide
23 hospital services or operate as a volunteer fire department, rescue squad, ambulance
24 squad, or which operates as a junior college, college or university duly accredited by
25 the southern regional accrediting association."

26 Sec. 3. This act shall become effective July 1, 1989, and applies to
27 appropriations made on or after that date.