Chapter 143D.

The State Governmental Accountability and Internal Control Act.

Article 1.

General Provisions.

§ 143D-1. Title.

This Chapter shall be known and may be cited as the "State Governmental Accountability and Internal Control Act." (2007-520, s. 1.)

§ 143D-2. Purpose.

The purpose of this Chapter is to ensure a strong and effective system of internal control within State government and to clearly indicate responsibilities related to that system of internal control. Therefore, it is the intent of the General Assembly in this Chapter to clearly establish responsibilities related to internal control within State government. (2007-520, s. 1.)

§ 143D-3. Definitions.

The following definitions apply in this Chapter:

(1) Internal control. – An integral process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

(2) Principal executive officer. – Executive head of a State agency.

(3) Principal fiscal officer. – Chief fiscal officer of a State agency.

(4) State agency. – Any department, 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. (2007-520, s. 1.)

§ 143D-4. : Reserved for future codification purposes.

§ 143D-5. : Reserved for future codification purposes.

Article 2.

Internal Control Responsibilities.

§ 143D-6. Standards setting responsibilities.

The State Controller, in consultation with the State Auditor, shall establish comprehensive standards, policies, and procedures to ensure a strong and effective system of internal control within State government. These standards, policies, and procedures shall be made readily available to all State agencies, and the State Controller shall make appropriate education efforts to inform relevant State agency staffs of the standards, policies, procedures, and internal control best practices. These efforts shall include the development of training courses, manuals, and other information sources to promulgate internal control standards, policies, procedures, and best practices throughout all State agencies. (2007-520, s. 1.)

§ 143D-7. Agency management responsibilities.

The management of each State agency bears full responsibility for establishing and maintaining a proper system of internal control within that agency. Each principal executive officer and each principal fiscal officer shall annually certify, in a manner prescribed by the State Controller, that the agency has in place a proper system of internal control. The State Controller shall develop policies and procedures to direct agencies in their evaluation.

The management of each State agency also bears the responsibility periodically to submit accurate and complete financial information to the State Controller for compilation into North Carolina State government's various financial reports and other related financial information disseminated to the public. With the submission of such periodic reports to the State Controller, each agency's principal executive officer and each agency's principal fiscal officer shall certify, in a manner prescribed by the State Controller, to the accuracy and completeness of the financial information submitted. (2007-520, s. 1.)

§ 143D-8. Internal control documentation.

Each State agency shall maintain documentation, as prescribed by the State Controller, of the system of internal control within that agency. All internal control documentation shall be available upon request for examination by the State Controller and the State Auditor. (2007-520, s. 1; 2008-187, s. 27.)

§ 143D-9: Reserved for future codification purposes.

§ 143D-10: Reserved for future codification purposes.

Article 3.

Accountability.

§ 143D-11. Violations.

The State Controller, in consultation with the State Auditor, shall establish a mechanism to allow for the reporting and investigation of violations of the provisions of this Chapter. This mechanism shall encourage all State employees to become familiar with the provisions of this Chapter and to report any known violations. (2007-520, s. 1.)

§ 143D-12. Penalties.

A willful or continued failure of an employee paid from State funds or employed by a State agency to adhere to the requirements of this Chapter is sufficient cause for disciplinary action, up to and including dismissal of the employee. (2007-520, s. 1.)