

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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SENATE BILL 420
PROPOSED COMMITTEE SUBSTITUTE S420-PCS35268-SA-39

Short Title: Accountability for Taxpayer Investment Board.

(Public)

Sponsors:

Referred to:

March 25, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE STATE AGENCIES AND CERTAIN NON-STATE ENTITIES TO
3 DEVELOP, IMPLEMENT, AND MAINTAIN INFORMATION SYSTEMS THAT
4 PROVIDE UNIFORM, PROGRAM-LEVEL ACCOUNTABILITY INFORMATION
5 REGARDING THE PROGRAMS OPERATED BY THOSE AGENCIES.

6 The General Assembly of North Carolina enacts:

7
8 **PART I. TAXPAYER INVESTMENT ACCOUNTABILITY**

9 **SECTION 1.** Chapter 143 of the General Statutes is amended by adding a new
10 Article to read:

11 "Article 2E.

12 "Accountability for Taxpayer Investment Act.

13 **"§ 143-47.30. Definitions.**

- 14 (1) Board. – The Taxpayer Investment Accountability Board established by this
15 Article.
16 (2) Non-State entity. – Any of the following that is not a State agency and that
17 must be discretely presented as a component unit in the State
18 Comprehensive Annual Financial Report by the Governmental Accounting
19 Standards Board: an individual, a firm, a partnership, an association, a
20 corporation, or any other organization or group acting as a unit. The term
21 does not include a local government unit or any other non-State entity that is
22 subject to the audit and other requirements of the Local Government
23 Commission.
24 (3) Principal executive officer. – Executive head of a State agency or non-State
25 entity.
26 (4) State agency. – Any department, institution, board, commission, committee,
27 division, bureau, board, council, or other entity for which the State has
28 oversight responsibility, including The University of North Carolina, the
29 University of North Carolina Health Care System, the Area Health
30 Education Centers Program (AHEC), and the Community College System.
31 (5) Taxpayer. – Any person subject to taxation by the State or by a unit of local
32 government.

33 **"§ 143-47.31. Purpose; scope.**

34 (a) The purpose of this Article is to require uniform, program-level accountability
35 information in State government.



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1 (b) This Article applies to any State agency in the executive branch of State
2 government. This Article also applies to any non-State entity that receives State funds.

3 **"§ 143-47.32. Taxpayer Investment Accountability Board.**

4 (a) There is established the Taxpayer Investment Accountability Board (Board). The
5 members of the Board shall be as follows:

6 (1) The State Controller, or the Controller's designee, who shall serve ex officio.

7 (2) The Director of the Office of State Budget and Management, or the
8 Director's designee, who shall serve ex officio.

9 (3) The State Auditor, or the Auditor's designee, who shall serve ex officio as a
10 nonvoting member.

11 (4) The State Chief Information Officer, or the Officer's designee, who shall
12 serve ex officio.

13 (b) The State Controller shall be the Chair of the Board.

14 (c) The Office of the State Controller shall provide staff and adequate meeting space to
15 the Board and shall provide any other type of support required by the Board.

16 (d) The Board shall meet at least four times a year and may meet as often as necessary.
17 A majority of the members of the Board constitutes a quorum for the transaction of business.
18 The affirmative vote of a majority of the members present at a meeting of the Board is required
19 for action to be taken by the Board.

20 (e) The Board shall design and establish a framework to provide to the citizens of North
21 Carolina uniform, program-level accountability information in State government. The Board
22 shall establish comprehensive standards, policies, and procedures, including recurring oversight
23 procedures, as part of the framework to provide uniform, program-level accountability
24 information in State government. The framework shall be designed to ensure that the
25 information is accessible through the main State government Web site.

26 (f) The Board members shall receive no salary or other monetary compensation for
27 servicing on the Board.

28 (g) The Board shall publish an annual report by January 1 of each year setting out the
29 standards, policies, and procedures to be used by agencies in establishing, implementing, and
30 maintaining the information systems required by this Article. The Board shall provide a copy of
31 the report to each State agency and each non-State entity subject to this Article and to the
32 Program Evaluation and Fiscal Research Divisions of the General Assembly.

33 **"§ 143-47.33. Required State agency and non-State entity information.**

34 (a) Each State agency shall establish, implement, and maintain within that State agency
35 a system that provides uniform, program-level accountability information that accurately
36 conveys the mission, responsibilities, and activities of the State agency and any other
37 information deemed necessary or appropriate by the Board. Each non-State entity, as a
38 condition of receiving State funds, shall establish, implement, and maintain within that
39 non-State entity a system that provides uniform, program-level accountability information that
40 accurately conveys the mission, responsibilities, and activities of the non-State entity and any
41 other information deemed necessary or appropriate by the Board. The system shall comply with
42 the framework design and the standards, policies, and procedures established by the Taxpayer
43 Accountability Board. The information shall be updated on a timely basis. Each information
44 system shall be readily and easily accessible to the citizens of North Carolina.

45 The principal executive officer of each State agency and the principal executive officer of
46 each non-State entity is responsible for ensuring that the State agency or non-State entity, as
47 appropriate, complies with the requirements of this Article.

48 (b) Each State agency and each non-State entity shall include the following information
49 in its information system:

50 (1) For each program, a clear statement of what condition exists in North
51 Carolina that the program is designed to address.

- 1 (2) For each program, a logic model that describes the sources of program
2 resources, total resources invested, activities and processes, outputs, and
3 outcomes.
- 4 (3) A statement describing the availability or absence of evidence confirmed
5 independently that changes in the conditions addressed are attributable to the
6 programs, services, and activities.
- 7 (4) Performance measures for each program sufficient for a citizen to determine
8 all of the following:
- 9 a. Outcome. – The verifiable quantitative effects or results attributable
10 to the program compared to a performance standard.
- 11 b. Output. – The verifiable number of units of services or activities
12 provided by the program.
- 13 c. Efficiency. – The verifiable total direct and indirect cost per output
14 and per outcome.
- 15 d. Performance standards. – The metrics based upon best practices,
16 generally recognized standards, or comparisons with relevant peer
17 entities in other states or regions for gauging achievement of
18 efficiency, output, and outcomes.
- 19 e. Benchmarks. – A broad societal indicator used for gauging ultimate
20 outcomes of programs, such as U.S. Census data. Multiple programs
21 among several agencies may be benchmarked to the same indicator.
- 22 (5) Organization charts and manager-to-employee ratios in a format specified by
23 the Office of State Human Resources. In addition to a comprehensive chart,
24 each State agency and non-State entity shall have separate charts for each
25 organizational division and in turn for each subordinate division or work unit
26 in specific detail so that a citizen may determine the organizational location
27 of every employee position.
- 28 (6) Revenues by source and expenditures by purchasing category aligned with
29 each program individually.
- 30 (7) Effective July 1, 2017, a Web-based dashboard that reports all required
31 performance information in a graphical gauging format. The format shall
32 also be uniform and shall be sufficient to inform a citizen how the State is
33 investing money consistent with understandable purposes.
- 34 (8) A listing of all employees. Each employee record shall contain the following
35 fields: last name; first name; job title; State agency or non-State entity, as
36 appropriate; organizational division; program; telephone number; e-mail
37 address; office mailing address, including 9-digit postal zip code; and
38 building name and room number if not in the mailing address. The directory
39 shall have a search feature to enable searching or listing by field. Each State
40 agency and non-State entity subject to this Article shall also list its
41 employees in the directory available through the main State government
42 Web site.

43 **§ 143-47.34. Verification of compliance by State Auditor.**

44 (a) Each agency or non-State entity that must comply with this Article shall file a
45 certificate of compliance with the Article requirements, which shall be signed by the principal
46 executive officer of each State agency and the principal executive officer of each non-State
47 entity. The initial certificate shall be filed on or before June 30, 2017, and subsequent
48 certificates filed annually by June 30.

49 (b) Internal auditors in State agencies required to have auditors pursuant to Article 79 of
50 Chapter 143 of the General Statutes shall conduct annual audits for compliance with the
51 requirements of this Article. The internal auditor shall submit an audit report annually to the

1 State Auditor and the State Controller no later than April 1. The initial compliance audit shall
2 be filed on or before April 1, 2017, and subsequent reports filed annually by April 1.

3 (c) The State Auditor may verify compliance with this Article by each State agency and
4 each non-State entity on an annual basis. Upon the determination of the State Auditor that a
5 State agency or non-State entity has failed to substantially comply with the provisions of this
6 Article, the State Auditor shall report the noncompliance to the Board, the Governor, the Joint
7 Legislative Commission on Governmental Operations, and the Fiscal Research Division of the
8 General Assembly.

9 **"§ 143-47.35. Remedy for noncompliance.**

10 (a) Any taxpayer may institute a suit in the superior court requesting the entry of a
11 judgment that a State agency or a non-State entity, as appropriate, has failed to comply with
12 this Article. Specific performance compelling the State agency or non-State entity to comply
13 with this Article shall be the available remedy. The taxpayer need not allege or prove special
14 damage different from that suffered by the public at large.

15 (b) Upon the presentation by the taxpayer plaintiff of a prima facie case that a State
16 agency or non-State entity has failed to comply with this Article, the burden shall be on the
17 State agency or non-State entity, as appropriate, to show that it is in compliance with this
18 Article.

19 (c) No State agency or non-State entity shall be held in noncompliance with this Article
20 if it establishes that it has made a good faith effort to comply with the provisions of this Article.

21 (d) In any action brought pursuant to this section in which a party successfully compels
22 compliance, the court shall allow the plaintiff to recover plaintiff's reasonable attorneys' fees.
23 Any attorneys' fees assessed against a State agency or non-State entity under this section shall
24 be charged against the operating expenses of the State agency or non-State entity, as
25 appropriate.

26 (e) If the court determines that an action brought pursuant to this section was filed in
27 bad faith or was frivolous, the court shall assess reasonable attorneys' fees against the person
28 instituting the action and award it to the State agency or non-State entity, as appropriate, as part
29 of the costs.

30 **"§ 143-47.36. Availability of technical assistance.**

31 (a) The Office of State Human Resources shall adopt rules setting the standards and
32 format for the organization charts and manager-to-employee ratios required by G.S. 143-47.33.
33 The Office of State Human Resources also shall provide templates and technical assistance to
34 State agencies and non-State entities as needed to assure the uniformity required by this Article.

35 (b) The Office of State Budget and Management and the Office of Information
36 Technology shall also provide technical assistance and software to State agencies and non-State
37 entities as needed to assure the uniformity required by this Article."

38 **SECTION 2.** G.S. 150B-1(c) is amended by adding a new subdivision to read:

39 "(9) The Taxpayer Investment Accountability Board established in
40 G.S. 143-47.32."

41 **SECTION 3.** If a State agency or a non-State entity subject to this act is not in
42 compliance with Article 2E of Chapter 143 of the General Statutes, as enacted by Section 1 of
43 this act, then the State agency or non-State entity shall revise its information system to comply
44 with this act. Each State agency, whether implementing a new information system or revising
45 an existing system to bring it into compliance with the provisions of this act, shall use the State
46 agency's existing resources allocated for computers and computer maintenance to comply with
47 this act.

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49 **PART II. NORTH CAROLINA ACCOUNTABILITY REPORT**

50 **SECTION 4.** G.S. 120-36.12 is amended by adding a new subdivision to read as
51 follows:

1 **"§ 120-36.12. Duties of Program Evaluation Division.**

2 The Program Evaluation Division of the Legislative Services Commission has the
3 following powers and duties:

4 ...

5 (11) To create and maintain the North Carolina Accountability Report, as
6 required by G.S. 120-36.19."

7 **SECTION 5.** Article 7C of Chapter 120 of the General Statutes is amended by
8 adding a new section to read as follows:

9 **"§ 120-36.19. North Carolina Accountability Report.**

10 (a) The Program Evaluation Division shall create and maintain the North Carolina
11 Accountability Report. The report shall be published in a publically available Web-based
12 format. The report shall list the inventory of programs in each State department and State
13 agency and a profile of each program. The profile shall (i) describe why it exists, how it is
14 funded, and what current issues exist and (ii) include references to pertinent information,
15 including technical studies, audit reports, Program Evaluation Division reports, and similar
16 research. The report shall be easily searchable and shall be indexed by categories defined by the
17 Program Evaluation Division.

18 (b) Each program profile shall contain an accountability rating based on the degree of
19 compliance with the standards established by the Taxpayer Investment Accountability Board.

20 (c) The definitions in G.S. 143-47.30 apply to this section."

21 **SECTION 6.** The Program Evaluation Division shall complete the initial North
22 Carolina Accountability Report required under G.S. 120-36.19, as enacted by Section 5 of this
23 act, no later than July 1, 2018. The Division shall establish a schedule for ongoing review and
24 update of the Report.

25 **SECTION 7.** The Governor shall include in the Governor's Recommended Budget
26 for the 2019-2020 biennium the accountability rating established by the Program Evaluation
27 Division for each program and a list of programs by department or agency.

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29 **PART III. EFFECTIVE DATE**

30 **SECTION 8.** Sections 4, 5, 6, and 7, G.S. 143-47.32 as enacted by Section 1 of this
31 act, and this section become effective July 1, 2015. The remainder of this act becomes effective
32 July 1, 2016, except as otherwise provided.