



State of North Carolina

Office of the State Controller

DAVID T. MCCOY
STATE CONTROLLER

October 4, 2013

MEMORANDUM

TO: Members of the Joint Legislative Commission on Governmental Operations

FROM: David McCoy *David McCoy*

SUBJECT: Analysis of Special Reserve Account 24172

For each fiscal year since 1999, the General Assembly has directed the Office of the State Controller to negotiate a contract with a third party to perform an audit and collect inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors (NCGS §147-86.22(c)). Excluded from the third-party audit is the purchase of medical services by State agencies or payments used to reimburse or otherwise pay for health care services. The General Assembly directed that the third party be compensated only from funds recovered as a result of the audit and that the receipts generated through the collection process be deposited in the Special Reserve Account 24172.

As directed by the General Assembly, the State Controller must report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account 24172 and the disbursement of that revenue.

The following is an analysis of Special Reserve Account 24172 for FY 2014:

Beginning Balance – July 1, 2013	\$11,299.79*
Deposits – FY 2014	\$81,179.32
Payments to third-party contractor – FY 2014	(\$17,097.80)
Transfer to OSC Special Fund 24160 – FY 2014	-
Transfers/Payments (net) Associated with Miscellaneous Obligations and Debt Collection Efforts	-
Ending Balance – September 30, 2013	\$75,381.31

* The Office of the State Controller previously reported an ending balance of \$10,799.79 for FY2013. On July 2, 2013 a \$500.00 transfer was received from the Department of Transportation for June 2013. The FY2013 ending balance was subsequently adjusted to \$11,299.79.

Please let me know if you have any questions or would like to discuss the Overpayments Audit and Recovery Program in greater detail.