

REQUEST TO DEVIATE UNDER G.S. 143-23

DEPARTMENT: **NC Community College System**

BUDGET CODE: **16800**

PROGRAM (FUND) TITLE: **Executive Division**

FUND CODE: **1100**

REQUEST: **To over-expend General Fund budget purpose 1100 by transferring program auditors from budget purpose 1200**

	2006-07 Certified Budget	Previously Approved Increases	Current Request for Increase	Accumulative Budget Increase	Accumulative % of Increase
Total Budget	\$ 1,637,424	\$ -	\$ 448,734	\$ 448,734	27.40%
Receipts	\$ -	\$ -	\$ -	\$ -	0.00%
Appropriation	\$ 1,637,424	\$ -	\$ 448,734	\$ 448,734	27.40%

JUSTIFICATION FOR REQUEST:

The North Carolina Community College System (NCCCS) Office will over-expend within their General Fund Budget Code (Code 16800) the Budget Purpose 1100 (Executive Division) by a maximum of \$448,734. The transfer of a sufficient amount from Budget Purpose 1200 (Administrative Division) will cover the over-expenditures.

The State Board of Community Colleges (SBCC) has determined that the "Program Auditing" function (Budget Subhead 1250), as established by North Carolina General Statute (NCGS) 115D-5(m), should be administered by the Executive Vice President and Chief Operating Officer (COO). On May 19, 2006, the SBCC exercised its authority under NCGS 115D-3 and transferred the Program Auditing function to the Executive Division within the System Office.

As a result of concerns raised by the Office of State Auditor with the SBCC Chair in October 2005, more specifically the need to establish an "internal audit function" within the NCCCS, the SBCC determined a less expensive alternative would be to re-locate the Program Audit function, and to broaden and strengthen its purpose. Given the importance that the auditors be independent and not report to a fiscal, administrative or program area, the SBCC determined that the auditors should report to the COO. The rationale for this decision is that the COO reports not only to the System President, but also to the Policy Committee of the SBCC. The Policy Committee hears all matters of program audit findings and exceptions on appeal from the colleges, therefore, it is a logical placement for reporting purposes.

Relocating the staff and operating expenses associated with the Program Auditors will cause the Budget Purpose 1100 to over-expend in fiscal year 2006-07. With the assistance of the Office of State Budget and Management, movement of the budget and expenditures during fiscal year 2006-07 will facilitate its appropriate placement in the 2007-09 Continuation Budget for presentation to the 2007 Session of the North Carolina General Assembly.

STATUTORY REFERENCE FOR REQUEST (If applicable):

G.S. 143-23(a1)(3)(b)