



# State of North Carolina

## Office of the State Controller

DAVID T. MCCOY  
STATE CONTROLLER

January 11, 2010

### MEMORANDUM

**TO:** Members of the Joint Legislative Commission on Governmental Operations  
Marilyn Chism, Director, Fiscal Research Division

**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 collection process of 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 FY2009 and FY2010 through December 31, 2009:

Beginning Balance – July 1, 2008	\$25,249.50
Deposits – FY2009	\$271,532.22
Deposits – FY2010	\$176,255.46
Payments to third-party contractor – FY2009	(\$83,178.76)
Payments to third-party contractor – FY2010 thru December 31, 2009	(\$65,560.85)
Transfer to OSC Special Fund 24160 – June 2009	(\$186,816.76)
Transfers/Payments Associated with Miscellaneous Debt Collection Efforts	(\$2,742.33)
Ending Balance – December 31, 2009	\$134,738.48

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