

David Roten (Sen. Brent Jackson)

From: Roseland, Nels C <nels.roseland@osc.nc.gov>
Sent: Friday, December 16, 2022 12:08 PM
To: Rep. Brenden Jones; Sen. Brent Jackson
Cc: Christian Rape (Rep. Brenden Jones); Joe Coletti (Gov Ops Staff - House Majority); John Moncrieff (Sen. Brent Jackson); Dolan, Jim; Euliss, Michael A
Subject: Hurricane Recovery - State payment policies to pay building contractors

Chairman Jackson and Jones:

I understand Ms. Hogshead with NCORR recently on page 10 of her presentation regarding changes to speed up disaster recovery stated the following:

“Exempted from the state’s policy to hold payment on an invoice for 30 days from the Invoice Date (aka the Net-30 Policy)”

This is not an Office of State Controller “policy” and NCORR has not been issued any kind of special exemption by our Office. The NC Accounting System for vendor payments can be set to default settings to release payment requests in 0 days, 5 days, 30 days, or whatever payment release terms the agency may desire. Every single day, DPS and 25 plus other state agencies pay business vendors and select their own payment release terms which are less than 30 days. DPS, NCORR and other agencies can also issue emergency same day “manual checks” and fedex payments to business partners if they so choose. These state agency flexible payment release terms have been in place long before Hurricane Florence and Matthew landfall.

Cash - Before any payment is released the agency must have adequate cash on hand to cover the check or electronic payment. DPS/NCORR do not have a shortage of adequate cash to pay contractor bills.

Before I started my appointment as State Controller in July, I personally oversaw a portfolio of state disaster recovery funds at the Office of State Budget and Management (OSBM-DR). With this work I have supervised a team that has helped over 1200 families get back into their homes or move on after Hurricanes, earthquakes and tropical storms. In this OSBM role I had direct oversight of construction vendor payments, where we would ask building contractors what schedule or payment terms worked best for them and we would pay weekly or monthly, as long as they performed the work specified in the contract.

Below for your reference you will find applicable state statutes that describe payment release policies. These NC statutory provisions provide broad discretion to Office of State Controller and state agencies to release payments on schedules which meet their individual payment needs.

Please advise if you have any questions or need additional information from me or my team.

My best,

Nels

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§ 147-86.10. Statement of policy. It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions, and officers of the State, whether or not subject to the State Budget Act, Chapter 143C of the General Statutes, **shall devise techniques and procedures for the receipt, deposit, and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances.** This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public-school units as defined in G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and disbursement of moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This policy shall include the acceptance of electronic payments in accordance with G.S. 147-86.22 to the maximum extent possible consistent with sound business practices. (1985, c. 709, s. 1; 1999-434, s. 2; 2006-203, s. 120; 2021-170, s. 4(f)).

(1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee, except as provided in G.S. 147-86.12. If an ultimate payee is required by law to submit information for certification or verification by the State Auditor, then no disbursement may be made to that ultimate payee if the certification or verification has not been issued by the State Auditor to the State Controller. (2) The order in which appropriations and other available resources are expended shall be subject to the provisions of Chapter 143C of the General Statutes regardless of whether the State agency disbursing or expending the moneys is subject to the State Budget Act. (3) Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds. **(4) Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.** (5) Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. (g) Interest Maximized. – The interest earnings of the General Fund and Highway Fund.

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