

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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SENATE BILL 976

Short Title: Establish NC Office of Management Innovation. (Public)

Sponsors: Senators Bingham; Malone, Purcell, Rand, and Stevens.

Referred to: State and Local Government.

March 26, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE NORTH CAROLINA OFFICE OF MANAGEMENT
3 INNOVATION.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 143-746(a) reads as rewritten:

6 "**§ 143-746. Internal auditing required.**

- 7 (a) Requirements. – A State agency shall establish a program of internal auditing that:
- 8 (1) Implements an effective system of internal controls that safeguards public
9 funds and assets and minimizes incidences of fraud, waste, and abuse.
- 10 (2) Ensures programs and business operations are administered in compliance
11 with federal and state laws, regulations, and other requirements.
- 12 (3) Reviews the effectiveness and efficiency of agency and program operations
13 and service ~~delivery.~~ delivery, in consultation with the Office of
14 Management Innovation.
- 15 (4) Periodically audits the agency's major systems and controls, including:
16 a. Accounting systems and controls.
17 b. Administrative systems and controls.
18 c. Electronic data processing systems and controls."

19 **SECTION 2.** Chapter 147 of the General Statutes is amended by adding a new
20 Article to read:

21 "Article 3E.

22 "Office of Management Innovation.

23 **"§ 147-33.120. Office of Management Innovation established.**

24 The North Carolina Office of Management Innovation (Office) is established within the
25 Office of State Budget and Management to provide training and support for State agencies to
26 implement Lean Management strategies, Total Quality Management strategies, the principles of
27 the Theory of Constraints, and efficiency and economy best practices.

28 **"§ 147-33.121. Duties.**

29 The Office shall:

- 30 (1) Encourage State agencies to adopt managerial accounting methods to assist
31 managers in decision making.
- 32 (2) Train state agencies to identify ways to improve the effectiveness and
33 efficiency of agency and program operations and service.
- 34 (3) Implement a train the trainer process.
- 35 (4) Assist State agencies in implementing efficiency programs, including, but
36 not limited to, the following:
37 a. Lean Management.



- 1 b. Total Quality Management.
- 2 c. Theory of Constraints.
- 3 d. Efficiency and economy best practices.
- 4 (5) Develop an Internet Web site for status reporting on office initiatives and for
- 5 providing information and Web-based training for agencies.

6 In carrying out its duties, the Office shall consult with and coordinate with the Program
7 Evaluation Division of the Legislative Services Office.

8 **"§ 147-33.122. Director.**

9 The Governor shall appoint a Director for the Office. The Director of the Office shall report
10 directly to the Governor and shall serve at the pleasure of the Governor.

11 **"§ 147-33.123. Office staff.**

12 The Director shall hire staff to carry out the duties of the Office. The core staff of the Office
13 shall consist of individuals with significant private sector experience in:

- 14 (1) Lean Management and Total Quality Management.
- 15 (2) Operations management, with a focus on the Theory of Constraints.
- 16 (3) Certified managerial accounting.
- 17 (4) Management Information Systems.
- 18 (5) Activity-based costing.

19 The Director may hire additional administrative staff to support the core staff."

20 **SECTION 3.** This act is effective when it becomes law.