

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

S

2

SENATE BILL 138  
Finance Committee Substitute Adopted 4/25/17

Short Title: Accountability for Taxpayer Investment Board. (Public)

Sponsors:

Referred to:

March 1, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO REQUIRE STATE AGENCIES AND CERTAIN NON-STATE ENTITIES TO  
3 DEVELOP, IMPLEMENT, AND MAINTAIN INFORMATION SYSTEMS THAT  
4 PROVIDE UNIFORM, PROGRAM-LEVEL ACCOUNTABILITY INFORMATION  
5 REGARDING THE PROGRAMS OPERATED BY THOSE AGENCIES.

6 The General Assembly of North Carolina enacts:

7 SECTION 1. Chapter 143 of the General Statutes is amended by adding a new  
8 Article to read:

9 "Article 2E.

10 "Accountability for Taxpayer Investment Act.

11 "**§ 143-47.30. Definitions.**

12 The following definitions apply in this Article:

- 13 (1) Board. – The Taxpayer Investment Accountability Board established by this  
14 Article.
- 15 (2) Non-State entity. – Any of the following that is not a State agency and that  
16 must be discretely presented as a component unit in the State  
17 Comprehensive Annual Financial Report by the Governmental Accounting  
18 Standards Board: an individual, a firm, a partnership, an association, a  
19 corporation, or any other organization or group acting as a unit. The term  
20 does not include a local government unit or any other non-State entity that is  
21 subject to the audit and other requirements of the Local Government  
22 Commission.
- 23 (3) Principal executive officer. – Executive head of a State agency or non-State  
24 entity.
- 25 (4) State agency. – Any department, institution, board, commission, committee,  
26 division, bureau, board, council, or other entity for which the State has  
27 oversight responsibility, including The University of North Carolina, the  
28 University of North Carolina Health Care System, the Area Health  
29 Education Centers Program (AHEC), and the Community College System.
- 30 (5) Taxpayer. – Any person subject to taxation by the State or by a unit of local  
31 government.

32 "**§ 143-47.31. Purpose; scope.**

33 The purpose of this Article is to require uniform, program-level accountability information  
34 within State government available and understandable to the taxpayer. This Article applies to  
35 all of the following:

- 36 (1) Any State agency in the executive branch of State government.



1           (2)     Any non-State entity that receives State funds.

2     **"§ 143-47.32. Taxpayer Investment Accountability Board.**

3           (a)     Board. – There is established the Taxpayer Investment Accountability Board  
4 (Board). The members of the Board shall be as follows:

5           (1)     The State Controller, or the Controller's designee, who shall serve ex officio.

6           (2)     The Director of the Office of State Budget and Management, or the  
7 Director's designee, who shall serve ex officio.

8           (3)     The State Auditor, or the Auditor's designee, who shall serve ex officio as a  
9 nonvoting member.

10          (4)     The State Chief Information Officer, or the Officer's designee, who shall  
11 serve ex officio.

12          (b)     Organization. – The State Controller shall be the Chair of the Board. The Office of  
13 the State Controller and the Office of State Budget and Management shall provide staff and  
14 adequate meeting space to the Board and shall provide any other type of support required by  
15 the Board. The Board members shall receive no salary or other monetary compensation for  
16 servicing on the Board.

17          (d)     Meeting. – The Board shall meet at least two times a year and may meet as often as  
18 necessary at the call of the Chair. A majority of the members of the Board constitutes a quorum  
19 for the transaction of business. The affirmative vote of a majority of the members present at a  
20 meeting of the Board is required for action to be taken by the Board.

21          (e)     Web-Based Framework. – The Board shall design and establish a framework to  
22 provide to the citizens of North Carolina uniform, program-level accountability information on  
23 State agencies and non-State entities. The Board shall establish standards, policies, and  
24 procedures, including recurring oversight procedures. The framework shall be designed to  
25 ensure that the information is readily and easily accessible to the citizens of North Carolina  
26 through the main State government Web site, every State agency's Web site, and every  
27 non-State entity's Web site. The Board may require State agencies and non-State entities to  
28 submit information in a form and on or before a date specified by the Board. The Board may  
29 conduct public hearings and training workshops on matters related to compliance with  
30 requirements of this Article.

31          (f)     Annual Report. – The Board shall publish an annual report electronically by March  
32 1 of each year available on the individual Web sites of each member of the Board, reporting on  
33 Board activities and accomplishments as well as setting out the standards, policies, and  
34 procedures to be used by agencies in establishing, implementing, and maintaining the  
35 information systems required by this Article. The Board shall notify each State agency and  
36 each non-State entity subject to this Article and to the Program Evaluation and Fiscal Research  
37 Divisions of the General Assembly electronically upon release of each annual report.

38          (g)     Survey. – On or before July 1, 2018, and biennially on July 1 thereafter, the Board  
39 shall survey each State agency and non-State entity electronically in a uniform format to  
40 determine the extent to which each agency program or non-State entity program has  
41 information required by this Article. The survey shall request for each program, actual baseline  
42 resources invested and annual existing recurring costs by source of funding as of June 30, 2017,  
43 used for compiling information already responsive to requirements of this act. In addition, each  
44 program shall estimate by budget category and fund source any nonrecurring implementation  
45 and recurring maintenance costs to meet the information requirements of this act beginning  
46 July 1, 2017, and update the costs with each biennial survey response. The State agency or  
47 non-State entity shall submit its survey response to the Board on or before October 1, 2018, and  
48 biennially on October 1 thereafter and publish its response on the home page of the agency or  
49 entity Web site. The Board shall tabulate and analyze the responses and include results in the  
50 annual report of the Board required by this Article.

51     **"§ 143-47.33. Required State agency and non-State entity information.**

1        (a) Information System. – Effective July 1, 2019, each State agency, as a condition of  
2 receiving State funds, shall establish, implement, and maintain an information system that  
3 provides uniform, program-level accountability information that accurately conveys the  
4 information specified in subsection (b) of this section and any other information required by the  
5 Board. Each non-State entity, as a condition of receiving State funds, shall establish,  
6 implement, and maintain within that non-State entity an information system that provides  
7 uniform, program-level accountability information that accurately conveys the information  
8 specified in subsection (b) of this section and any other information required by the Board. The  
9 system shall comply with the framework design and the standards, policies, and procedures  
10 established by the Board. The information shall be updated as needed and at least on an annual  
11 basis. The information provided by the system shall be readily and easily accessible to the  
12 citizens of North Carolina through the State agency's Web site and non-State entity's Web site.

13        The principal executive officer of each State agency and the principal executive officer of  
14 each non-State entity is responsible for ensuring that the State agency or non-State entity, as  
15 appropriate, complies with the requirements of this Article.

16        (b) Required Information. – Each State agency and each non-State entity shall include  
17 the following information in its information system and make it directly accessible on its Web  
18 site:

- 19        (1) Organization charts in a format specified by the Office of State Human  
20 Resources. In addition to a high-level, department organization chart, each  
21 State agency and non-State entity shall have separate charts for each  
22 organizational division and in turn for each subordinate division or work unit  
23 so that a citizen may determine the organizational location of every  
24 employee position. Reference to availability of organization charts  
25 elsewhere or upon request shall not meet the requirements of this subsection.
- 26        (2) Financial statements prepared according to Board standards. The statements  
27 shall contain for the State agency or non-State entity a consolidated schedule  
28 of all programs and activities. The statements shall also contain individual  
29 supplemental schedules for each program, including revenues by source and  
30 expenditures by purchasing category. The title of the statement and  
31 supplemental schedules shall specify if information reflected has been  
32 audited or unaudited. Reference to availability of financial statements  
33 elsewhere or upon request shall not meet the requirements of this subsection.
- 34        (3) A directory of contact information for each program, including telephone  
35 number, e-mail address, physical address, zip code, and building location.  
36 The directory shall have a search feature to enable searching by or listing by  
37 field. Each State agency and non-State entity subject to this Article shall also  
38 list its employees in the employee directory available through the main State  
39 government Web site. Reference to availability of the directory elsewhere or  
40 upon request shall not meet the requirements of this subsection.
- 41        (4) For each program, a problem statement that describes the local, regional, or  
42 statewide problems or needs that the program is intended to address.  
43 Reference to availability of the problem statement elsewhere or upon request  
44 shall not meet the requirements of this subsection.
- 45        (5) For each program, a logic model that describes in graphical format the  
46 inputs, activities, outputs, outcomes, and impacts as recommended by the  
47 Logic Model Development Guide by the W.K. Kellogg Foundation.  
48 Reference to availability of the logic model elsewhere or upon request shall  
49 not meet the requirements of this subsection.
- 50        (6) For each program, a completed standard Measurability Capability Form and  
51 supporting schedules as prescribed by the Board, describing the extent the

1 program is measurable as defined by Chapter 143E of the General Statutes,  
2 the North Carolina Measurability Assessment Act of 2016. Using plain  
3 language, the program shall address each of the indicators of measurability  
4 as defined and enumerated within G.S. 143E-3. The program shall provide  
5 the full title, publication date, and a synopsis of any document referenced on  
6 the form or a supporting schedule. Acronyms and abbreviations of  
7 organization descriptors and document titles shall not be used unless  
8 preceded by full wording upon first reference. Reference to availability of  
9 the Measurability Capability Form and supporting schedules elsewhere or  
10 upon request shall not meet the requirements of this subsection.

11 (7) A uniform Web dashboard as prescribed by the Board that uses color  
12 graphics to allow a taxpayer to compare actual performance to standards  
13 using the indicators of measurability specified by G.S. 143E-3(b)(7)a.  
14 through g. Reference to availability of the dashboard elsewhere or upon  
15 request shall not meet the requirements of this subsection.

16 (c) Notice of Measurability Assessment. – Each State agency or non-State entity shall  
17 notify program administrators that the General Assembly may require a measurability  
18 assessment, pursuant to Chapter 143E of the General Statutes, of its existing or proposed  
19 programs to determine whether the program is or will be cable of reporting performance and  
20 return on investment based on the indicators specified in G.S. 143E-3(b).

21 **"§ 143-47.34. Verification of compliance by State Auditor.**

22 (a) Agencies with Internal Auditors. – Internal auditors in State agencies required to  
23 have auditors pursuant to Article 79 of Chapter 143 of the General Statutes shall conduct  
24 annual audits for compliance with the requirements of this Article, including the accuracy and  
25 reliability of estimated 2017 baseline and implementation costs reported in the response to a  
26 Board survey. The initial compliance audit shall be filed with the agency and the Board on or  
27 before October 1, 2020, and subsequent reports filed annually by October 1.

28 (b) Other Agencies. – The State Auditor may verify compliance with this Article by  
29 each State agency and each non-State entity. Upon the determination of the State Auditor that a  
30 State agency or non-State entity has failed to substantially comply with the provisions of this  
31 Article, the State Auditor shall report the noncompliance to the Board, the Governor, the Joint  
32 Legislative Commission on Governmental Operations, and the Program Evaluation and Fiscal  
33 Research Divisions of the General Assembly.

34 **"§ 143-47.35. Remedy for noncompliance.**

35 (a) Failure to Comply. – Any taxpayer may institute a suit in the superior court  
36 requesting the entry of a judgment that a State agency or a non-State entity, as appropriate, has  
37 failed to comply with this Article. Specific performance compelling the State agency or  
38 non-State entity to comply with this Article shall be the available remedy. The taxpayer need  
39 not allege or prove special damage different from that suffered by the public at large.

40 (b) Compliance. – Upon the presentation by the taxpayer plaintiff of a prima facie case  
41 that a State agency or non-State entity has failed to comply with this Article, the burden shall  
42 be on the State agency or non-State entity, as appropriate, to show that it is in compliance with  
43 this Article. No State agency or non-State entity shall be held in noncompliance with this  
44 Article if it establishes that it has made a good-faith effort to comply with the provisions of this  
45 Article.

46 (c) Attorneys' Fees. – In any action brought pursuant to this section in which a party  
47 successfully compels compliance, the court shall allow the plaintiff to recover plaintiff's  
48 reasonable attorneys' fees. Any attorneys' fees assessed against a State agency or non-State  
49 entity under this section shall be charged against the operating expenses of the State agency or  
50 non-State entity, as appropriate. If the court determines that an action brought pursuant to this  
51 section was filed in bad faith or was frivolous, the court shall assess reasonable attorneys' fees

1 against the person instituting the action and award it to the State agency or non-State entity, as  
2 appropriate, as part of the costs.

3 **"§ 143-47.36. Availability of technical assistance.**

4 The Office of State Human Resources shall adopt rules setting the standards and format for  
5 the organization charts and directory of program contacts required by this Article. The Office  
6 of State Human Resources shall provide templates and technical assistance to State agencies  
7 and non-State entities as needed to assure the uniformity required by this Article.

8 The Office of State Budget and Management and the Office of Information Technology  
9 shall provide technical assistance and software to State agencies and non-State entities as  
10 needed to assure the uniformity required by this Article."

11 **SECTION 2.** G.S. 150B-1(c) is amended by adding a new subdivision to read:

12 "(c) Full Exemptions. – This Chapter applies to every agency except:

13 ...

14 (9) The Taxpayer Investment Accountability Board established in  
15 G.S. 143-47.32."

16 **SECTION 3.** If a State agency or a non-State entity subject to this act is not in  
17 compliance with Article 2E of Chapter 143 of the General Statutes, as enacted by Section 1 of  
18 this act, then the State agency or non-State entity shall revise its information system to comply  
19 with this act. To comply with this act, each State agency, whether implementing a new  
20 information system or revising an existing system to bring it into compliance with the  
21 provisions of this act, shall use existing resources allocated to the State agency or non-State  
22 entity for computers and for computer maintenance, contracted services, and personal service  
23 contracts.

24 **SECTION 4.** G.S. 120-36.12 is amended by adding a new subdivision to read as  
25 follows:

26 **"§ 120-36.12. Duties of Program Evaluation Division.**

27 The Program Evaluation Division of the Legislative Services Commission has the  
28 following powers and duties:

29 ...

30 (11) Effective January 1, 2021, to initiate in Web-based format an inventory of  
31 State agency and non-State agency programs and to assign accountability  
32 ratings to each program considering the degree of compliance with the  
33 standards established by the Taxpayer Investment Accountability Board;  
34 sufficiency and adequacy of information required of programs by  
35 G.S. 143-47.33; conditions found by the Division while performing  
36 evaluations as directed by the Joint Legislative Program Evaluation  
37 Oversight Committee or General Assembly; State Auditor findings or  
38 reportable conditions; agency internal auditor findings; and information  
39 submitted by a program requesting the Division to revise a rating."

40 **SECTION 5.** This act becomes effective July 1, 2017.