

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 463
Program Evaluation Committee Substitute Adopted 4/26/11

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

Sponsors:

Referred to:

March 31, 2011

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

30 "**§ 143-47.31. Purpose; scope.**

31 (a) The purpose of this Article is to require uniform, program-level accountability
32 information in State government.

33 (b) This Article applies to any State agency in the executive branch of State
34 government. This Article also applies to any non-State entity that receives State funds.

35 "**§ 143-47.32. Taxpayer Investment Accountability Board.**

36 (a) There is established the Taxpayer Investment Accountability Board (Board). The
37 members of the Board shall be:



- 1 (1) The State Controller, or the Controller's designee, who shall serve ex officio.
2 (2) The Director of the Office of State Budget and Management, or the
3 Director's designee, who shall serve ex officio.
4 (3) The State Auditor, or the Auditor's designee, who shall serve ex officio as a
5 nonvoting member.
6 (4) The State Chief Information Officer, or the Officer's designee, who shall
7 serve ex officio.
8 (5) The President of The University of North Carolina, or the President's
9 designee, who shall serve ex officio.
10 (6) The President of the North Carolina Community College System, or the
11 President's designee, who shall serve ex officio.
12 (7) The Director of the Program Evaluation Division of the General Assembly.
13 (8) The Director of the Fiscal Research Division of the General Assembly.

14 (b) The State Controller shall be the Chair of the Board.

15 (c) The Office of the State Controller shall provide staff and adequate meeting space to
16 the Board and shall provide any other type of support required by the Board.

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

21 (e) The Board shall design and establish a framework to provide to the citizens of North
22 Carolina uniform, program-level accountability information in State government. The Board
23 shall establish comprehensive standards, policies, and procedures, including recurring oversight
24 procedures, as part of the framework to provide uniform, program-level accountability
25 information in State government. The framework shall be designed to ensure that the
26 information is accessible through the main State government Web site.

27 (f) The Board members shall receive no salary or other monetary compensation for
28 servicing on the Board.

29 (g) The Board shall publish an annual report by January 1 of each year setting out the
30 standards, policies, and procedures to be used by agencies in establishing, implementing, and
31 maintaining the information systems required by this Article. The Board shall provide a copy of
32 the report to each State agency and each non-State entity subject to this Article and to the
33 Program Evaluation and Fiscal Research Divisions of the General Assembly.

34 **"§ 143-47.33. Required State agency and non-State entity information.**

35 (a) Each State agency shall establish, implement, and maintain within that State agency
36 a system that provides uniform, program-level accountability information that accurately
37 conveys the mission, responsibilities, and activities of the State agency and any other
38 information deemed necessary or appropriate by the Board. Each non-State entity, as a
39 condition of receiving State funds, shall establish, implement, and maintain within that
40 non-State entity a system that provides uniform, program-level accountability information that
41 accurately conveys the mission, responsibilities, and activities of the non-State entity and any
42 other information deemed necessary or appropriate by the Board. The system shall comply with
43 the framework design and the standards, policies, and procedures established by the Taxpayer
44 Accountability Board. The information shall be updated on a timely basis. Each information
45 system shall further be readily and easily accessible to the citizens of North Carolina.

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

49 (b) Each State agency and each non-State entity shall include the following information
50 in its information system:

- 1 (1) For each program, a clear statement of what condition exists in North
2 Carolina that the program is designed to address.
- 3 (2) For each program, a logic model that describes the sources of program
4 resources, total resources invested, activities and processes, outputs, and
5 outcomes.
- 6 (3) Evidence confirmed independently that changes in the conditions addressed
7 are attributable to the programs, services, and activities.
- 8 (4) Performance measures for each program sufficient for a citizen to determine
9 all of the following:
 - 10 a. Outcome. – The verifiable quantitative effects or results attributable
11 to the program compared to a performance standard.
 - 12 b. Output. – The verifiable number of units of services or activities
13 provided by the program.
 - 14 c. Efficiency. – The verifiable total direct and indirect cost per output
15 and per outcome.
 - 16 d. Performance standards. – The metrics based upon best practices,
17 generally recognized standards, or comparisons with relevant peer
18 entities in other states or regions for gauging achievement of
19 efficiency, output, and outcomes.
 - 20 e. Benchmarks. – A broad societal indicator used for gauging ultimate
21 outcomes of programs, such as U.S. Census data. Multiple programs
22 among several agencies may be benchmarked to the same indicator.
- 23 (5) Organization charts and manager-to-employee ratios in a format specified by
24 the Office of State Personnel. In addition to a comprehensive chart, each
25 State agency and non-State entity shall have separate charts for each
26 organizational division and in turn for each subordinate division or work unit
27 in specific detail so that a citizen may determine the organizational location
28 of every employee position.
- 29 (6) Revenues by source and expenditures by purchasing category aligned with
30 each program individually.
- 31 (7) Effective July 1, 2013, a Web-based dashboard that reports all required
32 performance information in a graphical gauging format. The format shall
33 also be uniform and shall be sufficient to inform a citizen how the State is
34 investing money consistent with understandable purposes.
- 35 (8) A listing of all employees. Each employee record shall contain the following
36 fields: last name; first name; job title; State agency or non-State entity, as
37 appropriate; organizational division; program; telephone number; e-mail
38 address; office mailing address including 9-digit postal zip code; and
39 building name and room number if not in the mailing address. The directory
40 shall have a search feature to enable searching or listing by field. Each State
41 agency and non-State entity subject to this Article shall also list its
42 employees in the directory available through the main State government
43 Web site.

44 **"§ 143-47.34. Verification of compliance by State Auditor.**

45 (a) Each agency or non-State entity which must comply with this Article shall file a
46 certificate of compliance with the Article requirements, which shall be signed by the principal
47 executive officer of each State agency and the principal executive officer of each non-State
48 entity. The initial certificate shall be filed on or before June 30, 2013, and subsequent
49 certificates filed annually by June 30.

50 (b) Internal auditors in State agencies required to have auditors pursuant to Article 79 of
51 Chapter 143 of the General Statutes shall conduct annual audits for compliance with the

1 requirements of this Article. The internal auditor shall submit an audit report annually to the
2 State Auditor and the State Controller no later than April 1. The initial compliance audit shall
3 be filed on or before April 1, 2013, and subsequent reports filed annually by April 1.

4 (c) The State Auditor may verify compliance with this Article by each State agency and
5 each non-State entity on an annual basis. Upon the determination of the State Auditor that a
6 State agency or non-State entity has failed to substantially comply with the provisions of this
7 Article, the State Auditor shall report the noncompliance to the Board, the Governor, the Joint
8 Legislative Commission on Governmental Operations, and the Fiscal Research Division of the
9 General Assembly.

10 **"§ 143-47.35. Remedy for noncompliance.**

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

16 (b) Upon the presentation by the taxpayer plaintiff of a prima facie case that a State
17 agency or non-State entity has failed to comply with this Article, the burden shall be on the
18 State agency or non-State entity, as appropriate, to show that it is in compliance with this
19 Article.

20 (c) No State agency or non-State entity shall be held in noncompliance with this Article
21 if it establishes that it has made a good faith effort to comply with the provisions of this Article.

22 (d) In any action brought pursuant to this section in which a party successfully compels
23 compliance, the court shall allow the plaintiff to recover plaintiff's reasonable attorneys' fees.
24 Any attorneys' fees assessed against a State agency or non-State entity under this section shall
25 be charged against the operating expenses of the State agency or non-State entity, as
26 appropriate.

27 (e) If the court determines that an action brought pursuant to this section was filed in
28 bad faith or was frivolous, the court shall assess reasonable attorneys' fees against the person
29 instituting the action and award it to the State agency or non-State entity, as appropriate, as part
30 of the costs.

31 **"§ 143-47.36. Availability of technical assistance.**

32 (a) The Office of State Personnel shall adopt rules setting the standards and format for
33 the organization charts and manager-to-employee ratios required by G.S. 143-47.33. The Office
34 of State Personnel also shall provide templates and technical assistance to State agencies and
35 non-State entities as needed to assure the uniformity required by this Article.

36 (b) The Office of State Budget and Management and the Office of Information
37 Technology shall also provide technical assistance and software to State agencies and non-State
38 entities as needed to assure the uniformity required by this Article."

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

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

42 **SECTION 3.** If a State agency or a non-State entity subject to this act is not in
43 compliance with Article 2E of Chapter 143 of the General Statutes as enacted by Section 1 of
44 this act, then the State agency or non-State entity shall revise its information system to comply
45 with the act. Each State agency, whether implementing a new information system or revising
46 an existing system to bring it into compliance with the provisions of this act, shall use the State
47 agency's existing resources allocated for computers and computer maintenance to comply with
48 the act.

49 **SECTION 4.** This section and G.S. 143-47.32, as enacted by Section 1 of this act,
50 become effective July 1, 2011. The remainder of this act becomes effective July 1, 2012,
51 except as otherwise provided.