

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

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SENATE BILL 647

Short Title: UNC Fiscal Accountability.

(Public)

Sponsors: Senators Lee; and Walker.

Referred to: Higher Education.

April 16, 1991

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE FISCAL RESPONSIBILITY AND ACCOUNTABILITY
3 ON THE PART OF DESIGNATED CONSTITUENT INSTITUTIONS OF THE
4 UNIVERSITY OF NORTH CAROLINA.

5 The General Assembly of North Carolina enacts:

6 Section 1. Chapter 116 of the General Statutes is amended by adding new
7 sections to read:

8 "**§ 116-44.6. Special responsibility constituent institutions.**

9 The Board of Governors of The University of North Carolina, acting on
10 recommendation made by the President of The University of North Carolina after
11 consultation by him with the State Auditor, may designate one or more constituent
12 institutions of The University as special responsibility constituent institutions. That
13 designation shall be based on an express finding by the Board of Governors that each
14 institution to be so designated has the management staff and internal financial controls
15 that will enable it to administer competently and responsibly all additional management
16 authority and discretion to be delegated to it. The Board of Governors, on
17 recommendation of the President, shall adopt rules prescribing management staffing
18 standards and internal financial controls and safeguards that must be met by a
19 constituent institution before it may be designated a special responsibility constituent
20 institution and must be maintained in order for it to retain that designation.

21 "**§ 116-44.7. Appropriations to special responsibility constituent institutions.**

22 All General Fund appropriations made by the General Assembly for current
23 operations of a special responsibility constituent institution of The University of North
24 Carolina shall be made in the form of a single sum to each budget code of the institution

1 for each year of the fiscal period for which the appropriations are being made.
2 Notwithstanding G.S. 143-1 through G.S. 143- 34.7, each special responsibility
3 constituent institution may expend the General Fund monies so appropriated to it in the
4 manner deemed by the Chancellor to be calculated to maintain and advance the
5 programs and services of the institutions. The preparation, presentation, and review of
6 General Fund budget request of special responsibility constituent institutions shall be
7 conducted in the same manner as are requests of other constituent institutions. The
8 quarterly allotment procedure established pursuant to G.S.143-17 shall apply to the
9 General Fund appropriations made for the current operations of each special
10 responsibility constituent institution. All General Fund monies so appropriated to each
11 special responsibility constituent institution shall be recorded, reported, and audited in
12 the same manner as are General Fund appropriations to other constituent institutions.

13 **"§ 116-44.8. Transfer between budget codes.**

14 The Chancellor of a special responsibility constituent institution may authorize the
15 transfer of monies from one budget code to another, to be used only for one-time
16 expenditures, where the Chancellor finds that that transfer will help to maintain and
17 advance the programs and services of the institution.

18 **"§ 116-44.9. Reversions.**

19 Of the General Fund current operations appropriation credit balance remaining in
20 each budget code of a special responsibility constituent institution at the close of a fiscal
21 year, one-half shall revert to the State treasury and one-half shall be carried forward by
22 the institution to the immediately ensuing fiscal year and may be used only for one-time
23 expenditures.

24 **"§ 116-44.10. Position management.**

25 The Chancellor of a special responsibility constituent institution, when he finds that
26 to do so would help to maintain and advance the programs and services of the
27 institution, may establish and abolish positions, whether or not they are subject to the
28 State Personnel Act, acting consistently with the State of North Carolina Salary Plan
29 where applicable and subject to the availability of funds."

30 Sec. 2. G.S. 143-53.1 reads as rewritten:

31 **"§ 143-53.1. Setting of benchmarks; increase by Secretary.**

32 On and after July 1, 1990, the expenditure benchmark prescribed by G.S. 143-52
33 with respect to competitive bid procedures and the bid value benchmark authorized by
34 G.S. 143-53(2) with respect to rule making by the Secretary of Administration for
35 competitive bidding shall be ten thousand dollars (\$10,000); provided, the Secretary of
36 Administration may, in his discretion, increase the benchmarks effective as of the
37 beginning of any fiscal biennium of the State commencing after June 30, 1992, in an
38 amount whose increase, expressed as a percentage, does not exceed the rise in the
39 Consumer Price Index during the fiscal biennium next preceding the effective date of
40 the benchmark increase. For a special responsibility constituent institution of The
41 University of North Carolina, the benchmark prescribed in this section shall be twenty-
42 five thousand dollars (\$25,000) on and after July 1, 1991."

43 Sec. 3. G.S. 143-55 reads as rewritten:

1 **"§ 143-55. Requisitioning for supplies by agencies; must purchase through sources**
2 **certified.**

3 After sources of supply have been established by contract and certified by the
4 Secretary of Administration to the said departments, institutions and agencies as herein
5 provided for, it shall be the duty of all departments, institutions and agencies to make
6 requisition or issue orders on forms to be prescribed by the Secretary of Administration,
7 for all supplies, materials and equipment required by them upon the sources of supply
8 so certified, and, except as herein otherwise provided for, it shall be unlawful for them,
9 or any of them, to purchase any supplies, materials or equipment from other sources
10 than those certified by the Secretary of Administration. One copy of such requisition or
11 order shall be furnished to and when requested by the Secretary of Administration. A
12 special responsibility constituent institution of The University of North Carolina may
13 negotiate a contract directly with a provider of supplies, materials, and equipment
14 having a contract with the State when the institution can obtain terms of purchase more
15 advantageous than those the State contract offers."

16 Sec. 4. G.S. 143-56 reads as rewritten:

17 **"§ 143-56. Certain purchases excepted from provisions of Article.**

18 Unless as may otherwise be ordered by the Secretary of Administration, the
19 purchase of supplies, materials and equipment through the Secretary of Administration
20 shall be mandatory in the following cases:

- 21 (1) Published books, manuscripts, maps, pamphlets and periodicals.
- 22 (2) Perishable articles such as fresh vegetables, fresh fish, fresh meat,
23 eggs, and others as may be classified by the Secretary of
24 Administration.

25 Purchase through the Secretary of Administration shall not be mandatory for a purchase
26 of supplies, materials or equipment for the General Assembly if the total expenditures is
27 less than the expenditure benchmark established under the provisions of G.S. 143-53.1
28 or for group purchases made by hospitals through a competitive bidding purchasing
29 program, as defined in G.S. 143-129.

30 All purchases of the above articles made directly by the departments, institutions and
31 agencies of the State government shall, whenever possible, be based on competitive
32 bids. Whenever an order is placed or contract awarded for such articles by any of the
33 departments, institutions and agencies of the State government, a copy of such order or
34 contract shall be forwarded to the Secretary of Administration and a record of the
35 competitive bids upon which it was based shall be retained for inspection and review.

36 A special responsibility constituent institution of The University of North Carolina
37 may purchase research equipment for sponsored projects without regard to the
38 provisions of this Article when the Chancellor, on the basis of written justification by
39 the responsible researcher, finds it to be in the best interest of the institution to do so."

40 Sec. 5. G.S. 143-64.24 reads as rewritten:

41 **"§ 143-64.24. Applicability of Article.**

42 This Article shall not apply to the General Assembly, special study commissions, the
43 Research Triangle Institute, a special responsibility constituent institution of The
44 University of North Carolina, or the Institute of Government, nor shall it apply to

- 1 attorneys employed by the North Carolina Department of Justice, or physicians or
2 doctors performing contractual services for any State agency."
3 Sec. 6. This act is effective upon ratification.