

Don Adams

From: David Nicholson
Sent: Friday, March 08, 2019 8:11 AM
To: 'donadams@jacksonnc.org'
Cc: Amy Bason; Neil A. Emory
Subject: Update - transparency

Hi Don --

I have met with the staff from the Department of State Treasurer's Local Government Division a couple of times in the past month. I am not sure that I have much more guidance from them on the issue that you are asking about than I had before those meetings.

They are not involved in any work on a statewide website where local governments financial information would be posted. Although there may be such an effort within other state agencies.

I also asked them about any guidance that they have given to the cities and counties about posting their financial information on their own website. Formally, they have not provided any direction. However, they are aware of some issues that have arisen due to the type of financial information that was placed on a couple of counties websites.

They indicated that a couple of counties posted their weekly check runs and have had persons call the Finance Departments and ask for addresses for future checks be sent to different addresses. One county actually changed the address before realizing that it was a fraudulent request. Basically, their overall stance is that it is the local units call about how much information is posted. But, they would not recommend posting a check run or allowing persons to actually access the software. A report should be posted in some type of 'pdf' format. As you may be aware, a large number of counties post their completed audit as a pdf on their website.

As I told you earlier, I am serving on a Steering Committee which has been established by the State Treasurer's office to help select a vendor to provide a simple financial software solution for local units. In some ways, I gather that this is one of the issues that was raised as a part of any statewide transparency project. A large number of small units have access only to a limited financial software. Although this software would be optional, the Treasurers' staff believes that without assisting these units with a better software package would allow for better financial transparency. This project will assist the units with their daily processing; with being better prepared for the annual audit and the Annual Financial Report.

Sorry that I can't provide much more assistance. If I learn any additional information, I will let you know.

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GOVERNMENTAL BUDGETARY TRANSPARENCY/EXPENDITURES ONLINE

SECTION 7.17.(a) In coordination with the State Controller and the Office of State Budget and Management (OSBM), the State Chief Information Officer (State CIO) shall establish a State budget transparency Internet Web site to provide information on budget expenditures for each State agency for each fiscal year beginning 2015-2016.

SECTION 7.17.(b) In addition, the State CIO shall coordinate with counties, cities, and local education agencies to facilitate the posting of their respective local entity budgetary and spending data on their respective Internet Web sites and to provide the data to the Local Government Commission (LGC) to be published, in a standardized format, on the State budget transparency Internet Web site established in subsection (a) of this section.

SECTION 7.17.(c) The Internet Web sites mandated by this section shall be fully functional by April 1, 2016. Each Internet Web site shall:

- (1) Be user-friendly with easy-to-use search features and data provided in formats that can be readily downloaded and analyzed by the public.
- (2) Include budgeted amounts and actual expenditures for each State agency or local entity budget code.
- (3) Include information on receipts and expenditures from and to all sources, including vendor payments, updated on a monthly basis.

SECTION 7.17.(d) Each State agency, county, city, and local education agency shall work with the State CIO, the State Controller, and the OSBM to ensure that complete and accurate budget and spending information is provided in a timely manner as directed by the State CIO. Each State agency Internet Web site shall include a hyperlink to the State's budget transparency Internet Web site. The LGC shall work with the State CIO to post data on the LGC's Internet Web site in a consistent manner that allows comparisons between the local entities providing data under subdivision (2) of subsection (c) of this section.

SECTION 7.17.(e) There is appropriated from the General Fund to the Office of State Budget and Management the sum of eight hundred fourteen thousand dollars (\$814,000) for the 2015-2016 fiscal year for the purpose of implementing the provisions of this section.



Coates' Canons Blog: State and Local Government Financial Data Transparency Law

By Kara Millonzi

Article: <https://canons.sog.unc.edu/state-and-local-government-financial-data-transparency-law/>

This entry was posted on March 17, 2016 and is filed under Finance & Tax, Financial Management & Oversight, Miscellaneous, Open Government

A provision in the state budget, Section 7.17 of S.L. 2015-241, set new transparency requirements related to certain financial data of state agencies, counties, municipalities, and local school administrative units. The law mandates full compliance by April 1, 2016. But what does it actually require?

This post summarizes the new provisions and discusses what, if anything, local governments and local school administrative units must do by April 1.

Mandates for State Agencies

The new law requires the State Chief Information Officer (State CIO) to establish a state budget transparency "Internet Web site" that provides information on budget expenditures for the state. At a minimum, the website must include "budgeted amounts and actual expenditures" for each state agency. It also must provide information on "receipts and expenditures from and to all sources, including vendor payments . . ." This information is to be uploaded on a monthly basis. Furthermore, all of the financial data must be provided in an easily searchable format "that can be readily downloaded and analyzed by the public." The State CIO is directed to coordinate with the State Controller and Office of State Budget and Management (OSBM) to produce a "fully functional" website by April 1, 2016.

Mandates for Counties, Municipalities, and Local School Administrative Units

For counties, municipalities, and local school administrative units, the directive is less clear. The law appears to require that, beginning on April 1, 2016, each county, municipality, and local school administrative unit (hereinafter "local unit") also post its own budgeting and monthly expenditure data (including vendor payments) on its respective website, and that this data be in an easily searchable format that can be readily downloaded and analyzed. It further states that each local unit must provide this data to the Local Government Commission (LGC), which, in turn, must publish the data in a standardized format on the State budget transparency website.

However, the law also appears to empower the State CIO to specify the format in which each local unit must publish the financial data and to otherwise establish the process for compliance at the local level. Specifically, the law states that "[e]ach State agency, county, city, and local education agency shall work with the State CIO, the State Controller, and the OSBM to ensure that complete and accurate budget and spending information is provided in a timely manner *as directed by the State CIO.*" Section 7.17(d) of S.L. 2015-241 (emphasis added). Section 7.17(b) also instructs the State CIO to coordinate with local units "to facilitate the posting of their respective local entity budgetary and spending data" on their respective websites. Thus, at least arguably, a local unit's duty to comply with the law is not triggered until the State CIO provides a standardized format for uploading the budget and expenditure data to the unit's website and for transferring it to the LGC.

This interpretation makes practical sense because the law clearly envisions that the state and local data will be available in one spot and in a format that allows for searchability and data comparisons across jurisdictions. Local units use a variety of different budget formats and different accounting systems to track expenditures. There are standardized charts of accounts for local governments (and school units), but even the account codes vary depending on the size of the government entity. And actual accounting systems vary significantly across local units. Local budgeting and expenditure data cannot be easily analyzed or compared without a uniform format for compiling it. However, given the variations in budgeting and expenditure tracking across jurisdictions, developing a uniform format for this data is no easy task. In fact, it



may be impossible to devise a uniform format that does not require most, if not all, local units to manually enter all of their expenditure data into a separate database on a monthly basis. Perhaps recognizing this difficulty, to date, the State CIO has not promulgated a uniform format for local financial data.

Where does that leave counties, municipalities, and school units? As I stated above, it is not entirely clear whether or not a local unit has an independent responsibility to post its budgetary and expenditure data on its website by April 1, even if the State CIO does not provide a template or otherwise specify a uniform format for doing so. I think there is a good argument that a local unit's duty is triggered only upon directive of the State CIO, or stated another way, that a local unit simply cannot comply with the law until a standardized format is established at the state level. Given the statutory ambiguity, though, each local unit should consult with its attorney to determine whether there is a way to comply with the new law in the absence of a standard format approved by the State CIO.

Voluntary Compliance by Local Units

Of course, even if it is not mandated to do so, a local government or school unit may choose to post the budget and expenditure information on its website, or otherwise make it publicly available. A session at the March 3, 2016 North Carolina Government Finance Officers Conference revealed that many local units have undertaken at least some transparency efforts related to financial data. A cursory survey of the websites of larger to mid-size units shows that several post their own budget and annual financial reporting information. Far fewer provide expenditure data at the vendor level, though. And most of the data that is published is in a static format such that it cannot be easily analyzed, or in some cases, even searched. Chatham County, for example, publishes its checkbook registers on a monthly basis but in a .pdf format ([click here](#)). It also provides a link to all county contracts that require board approval ([click here](#)).

At least a few units electronically publish their financial data in a format that allows for more sophisticated analysis. Wake County created a robust tool to search and evaluate the county's budget and expenditure data, called WATCH. According to the county,

WATCH is a single point of reference to review how your tax dollars are being spent and other pertinent information related to stewardship and fiscal responsibility of county government programs. As you browse the WATCH site, you will be able to view information about county government expenditures, view transactions with vendors, and compare the budget to actual expenses.

The WATCH data is updated regularly and contains transactions related to the General Fund for the current fiscal year (July–June).

Some local unit financial data is compiled and made available electronically by state agencies. The LGC, for example, collects and posts detailed expenditure and revenue data of the local governments over which it has oversight authority ([click here](#)). The data can be downloaded into Excel spreadsheets for ease of analysis. The North Carolina Department of Public Instruction (DPI) does the same for school units ([click here](#)). And the North Carolina Department of Revenue (DOR) posts compiled data on state-shared revenue sources for local governments ([click here](#)). Several local units provide links to this data on their own websites.

Cautionary Note About Private Information

If your unit is considering making its budget and expenditure data electronically accessible, be careful to do so in a manner that does not violate other state or federal laws. This is particularly true when posting vendor or payee data. From a technological perspective, it may be easy for a local unit to post its checkbook register to provide monthly expenditure and vendor data. A unit must make sure, however, that none of the records or information in the checkbook register is confidential under state or federal laws. To be safe, a local unit is well advised to have its attorney review the data, and make any necessary redactions, before publishing.

Links

- www.ncleg.net/Sessions/2015/Bills/House/PDF/H97v9.pdf
- www.chathamnc.org/index.aspx?page=1503



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- www.chathamnc.org/Index.aspx?page=1572
 - www.wakegov.com/budget/watch/Pages/default.aspx
 - www.nctreasurer.com/slg/lfm/financial-analysis/Pages/default.aspx
 - www.dpi.state.nc.us/lbs/resources/data/
 - www.dornc.com/publications/reimbursement.html