



# Cash Management Plan

FINANCIAL SERVICES DIVISION  
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**STATUTORY POLICY**

In pursuant to Chapter 147 Articles 6A and 6B of the Cash Management Act, North Carolina General Statute (NCGS) §147-86.10 requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State shall devise techniques and procedures for the receipt, deposit and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances."

**PLAN ADMINISTRATION**

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer, and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments, and institutions. The NC Department of Labor (NCDOL) Cash Management Plan outlines the policies, duties, responsibilities, and requirements for cash management within state government and this agency specifically. It is the responsibility of each agency, department and division, bureau, and institution to implement the provisions of this plan in their respective agencies. Any exceptions or deviations from the agency's Cash Management Plan must be approved by the NCDOL Chief Financial Officer.

The NCDOL Cash Management Plan is comprehensive, including all Divisions and Bureaus. All employees of the agency shall adhere to the provisions of the NCDOL Cash Management Plan. NCGS §147-86.11-I states that "A willful or continued failure of an employee paid from State funds or employed by a State agency to follow the Statewide Cash Management Plan is sufficient cause for immediate dismissal of the employee."

The NCDOL Chief Financial Officer is identified as the individual who has cash management responsibilities; and therefore, is ultimately responsible for the agency's Cash Management Plan. The NCDOL Financial Services Division section managers shall prepare the NCDOL Cash Management Plan responsibilities for each of the cash management functions that fall within their respective areas of responsibility. The NCDOL Cash Management Plan shall be submitted for approval to the Office of the State Controller on an annual basis. The approved NCDOL Cash Management Plan will be maintained on file within the NCDOL Financial Services Division for review by the Office of the State Controller (OSC) and the Office of the State Auditor (OSA).

**PLAN REQUIREMENTS****A. CASH MANAGEMENT OVER RECEIPTS**

The objectives of cash management over receipts are to utilize diligence in collecting funds owed to the State, the provision of internal control over cash and cash equivalents, and the expedition of the movement of monies collected into interest bearing accounts. To accomplish these objectives, the NCDOL Cash Management Plan includes these rules (*referenced in Flowchart Attachments 1A, 1B & 1C*):

**1. Daily Deposit and Reporting Act – Statutory Requirement**

In accordance with NCGS §147-77 and §147-69.1, all funds belonging to the State of North Carolina, in the hands of any employee of NCDOL, will deposit daily the same amount with the State Treasurer or with the bank or trust company designated by the Treasurer, in the name of the State Treasurer, at noon, or as near thereto as may be, and will report the same daily to said Treasurer.

Except as otherwise provided by law, and in accordance with NCGS §147-86.11(e)(1), all funds belonging to the State of North Carolina received by an employee of NCDOL in the normal course of their employment, will be deposited as follows:

- a) All monies received will be deposited with the State Treasurer pursuant to NCGS §147-77 and NCGS §147-69.1.
- b) Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest will be deposited with the State Treasurer under the provisions of NCGS §147-69.3.
- c) To be considered in compliance with the law according to the State Treasurer's Banking Services Handbook, NCDOL will deposit all funds on the following schedule:

**Time Received**

8:00 a.m. to 12:00 Noon

12:00 Noon to 5:00 p.m.

**Deposit Deadline**

Deposit by 3:00 p.m. the same business day

Deposit by 3:00 p.m. the next business day

## 2. Funds to be Deposited in the Form Received – Statutory Requirement

Monies received will be deposited daily in the form and amounts received, except as otherwise provided by law, and approved by the State Treasurer through the NCDOL Financial Services Division. To ensure compliance with to NCGS §147-86.11(e)(2) and the State Treasurer's Banking Services Handbook, the following procedures are in place:

- a) The majority of all revenue received by the agency is mailed to the Accounts Receivable Section of the NCDOL Financial Services Division. Mail is received each business day by noon, or as near thereto as may be, and monies are forwarded to the appropriate Accounts Receivable staff member(s) that is responsible for processing the funds. All monies received by noon each day, or as near thereto as may be, are processed for deposit into the North Carolina Financial System by the appropriate Cash Management staff member(s) by 11:00 a.m. the following day (unless there is any inquiry as to the appropriateness of the funds received). Monies received after this deadline are secured in a locked filing cabinet inside a vault during the evening hours and included in the next business day's deposit.
- b) All checks received each business day shall be processed into the appropriate Accounts Receivable subsystem and endorsed with a restrictive stamp *"For Deposit Only, State Treasurer, by the NC Department of Labor, bank account number"* before being deposited via remote scanning with a State Treasurer approved cash concentration bank (Wells Fargo). Any checks that cannot be remotely scanned due to technical issues are deposited at the approved cash concentration bank as soon as practical but no later than the next business day.
- c) NCDOL rarely receives cash via U.S. mail or on site. In the extreme case where cash is received on site or by U.S. mail, a triplicate receipt is issued (*copy to the individual making payment by cash, copy to the appropriate A/R staff member, and a copy remains in the cash receipt book for audit purposes*) and then the cash monies are hand delivered to appropriate Accounts Receivable staff member within the NCDOL Financial Services Division for posting into the appropriate Accounts Receivable subsystem. In the case when cash is received via U.S. mail, a receipt is still issued for the cash received and all cash deposits are made in accordance with the above timeline.
- d) Checks that are not payable to NCDOL shall be returned to the payor.

- e) No employee of any NCDOL division or bureau shall redirect any hand delivered or mailed receipts to any other location or address other than to the Accounts Receivable staff members within the NCDOL Financial Services Division. All hand delivered or mailed receipts shall be logged and forwarded onto the Accounts Receivable staff members within the NCDOL Financial Services Division in time for the next scheduled daily deposit.
- f) NCDOL complies with the Daily Deposit and Reporting Act and has not seen a need to request an exception.
- g) If the depository bank does not collect an item that was previously included in a deposit and credited to NCDOL's account (returned check), the item will be returned by the depository bank as a "cash item" with a request for direct and immediate reimbursement. A warrant payable to the depository bank will be issued within three (3) business days and remitted back to the bank. NCDOL will then initiate its collection procedures to recover the overdraft from the remitter with a return check fee of \$25.00, if charged a fee from the bank.
- h) NCDOL does not have any specific policy regarding cash receipts except those noted above.

### **3. Billing and Collection – Statutory Requirement**

In accordance with NCGS §147-86.20-27, monies due to a State agency by another governmental agency or by private persons will be promptly billed, collected, and deposited. The following procedures for NCDOL Accounts Receivable Billing and Collection ensure proper accounting, timely billing, and collection of funds due to the agency. NCDOL divisions and bureaus will comply with the OSC's Statewide Accounts Receivable Policy unless an exception to this policy is approved by OSC through the NCDOL Chief Financial Officer. The following accounts receivable management policies and procedures are submitted for review and approval by OSC in accordance with NCGS §147-86.21. NCDOL's accounting and financial management systems are adequate to properly account, record, and manage receivables. The accounts receivable system(s) used by NCDOL provides for the following in a timely and accurate manner:

- a) Bills accounts due from private entities, federal government, localities, or state agencies and institutions.
- b) Most of the revenue collected is in the form of inspection fees and/or civil fines and penalties, the "service" must be rendered prior to payment, except for Amusement which is paid before "service" is rendered. Invoicing for amounts owed is handled in a timely manner by the individual bureau/division, except for Elevator and Amusement, which is handled within the NCDOL Accounts Receivable Section. Each bureau/division must ensure that accounts are properly recorded and managed and that an accurate record of receivable transactions is available.
- c) All accounts receivable system(s) used within the agency can interface (electronically or manually) with the accounting system.
- d) An aging schedule on all past due receivables is available (*but not limited to*): 1-30 days, 31-60 days, 61-90 days, 91-120 days, and over 120 days.
- e) Provides information relative to specific collections efforts on past-due accounts.
- f) Provides management reports on the collection status of past-due accounts as requested.
- g) Provides adequate information to make estimates, and properly account for, doubtful accounts and provide adequate documentation of the methodology used to estimate doubtful accounts (*e.g., allowance method, direct write-off method, etc.*).



- h) Properly accounts for receivables that are written off within each accounts receivable subsystem.
- i) Recognizes and reports receivables in accordance with generally accepted accounting principles (GAAP) as required.
- j) Complies with federal and other contractual obligations regarding the accounting, reporting, and managing of receivables.
- k) Maintains a record of year-end receivable balances.
- l) Provides for the accrual of interest and penalties as required by law.
- m) Utilizes the setoff debt collection program when it is determined that this means of collection is in the best interest of the State.

#### **4. Unpaid Billings – Statutory Requirement**

In accordance with NCGS §147-86.11, unpaid billings, of any dollar amount due to a State agency, department, or institution will be turned over to the NC Attorney General's Office for collection no more than ninety (90) days after the due date of the billing. Amounts owed by all patients that are less than the federally established deductible, applicable to Part A of the Medicare program, are exempt. The agency may handle unpaid bills of this nature pursuant to agency debt collection procedures. NCGS §147-86.22 states that agencies and institutions may use, but are not limited to, collection agencies for collecting accounts receivable. Unless it can be shown to not be cost effective, agencies and institutions will contract with collection agencies to collect past-due accounts. The State has contracted, through the NC Attorney General's Office, with outside collection agencies to collect all statewide accounts receivable. The collection agencies should acknowledge all referred accounts to the agencies that maintain the account within thirty (30) days. Additionally, the debtor should be responsible for the cost of collecting the debt unless prohibited by law.

#### **5. Drawing, Receiving and Depositing Federal Funds Policy – Statutory Requirement**

In accordance with NCGS §143B-426, the NCDOL Financial Services Division will draw and receive all federal funds for the agency and will adhere to OSC's Cash Management Directive for Federal Funds issued on July 1, 1993 regarding the receipting, disbursement, and drawing of federal funds.

- a) Requests for draws should be timed so that the funds are on deposit with the State Treasurer no more than two (2) business days prior to the issuance of the disbursement by state warrant or payment by electronic funds transfer.
- b) State appropriated funds should not be used to cover the federal share of any grant program expenditures when an advance of the federal share is available on or prior to the planned date of disbursement. Federal funds should be requested in advance of the associated disbursement but be timed so that deposit of those funds occur as soon as practical after the issuance of state warrant or payment by electronic funds transfer.
- c) When practical, federal cash draws must be based on the actual federal share of disbursements of the award for which funds are being drawn (less the federal cash on hand and less the federal share of any program income or applicable credits). Reasonable estimates may be used when the actual federal share must be determined through allocations when actual data is not available at the time of disbursement. Funds may not be drawn in excess of awards authorized or to cover cash shortages in another program or elsewhere within the agency.

- d) The NCDOL Financial Services staff member(s) monitor the availability of all grant awards prior to each cash draw and reports deficiencies to the NCDOL Chief Financial Officer. Funds are deposited into the federal funds budget code 33800 and immediately transferred to the operating fund(s) where the expenditures are made to general fund budget code 13800.

### **6. Electronic Payment Acceptance – Statutory Requirement**

In accordance with NCGS §147-86.22(b) and the State Cash Management Plan, NCDOL will accept electronic payments for all divisions and bureaus to the maximum extent possible and that are consistent with sound business practices. OSC has approved the NCDOL Electronic Payments Business Plan which includes the acceptance of debit and credit cards for payment. Additionally, NCDOL has implemented the PayPoint Gateway Service as a method of on-line payment capture. The [PayPoint Gateway Service](#) is an optional gateway service provided by OSC under Amendment Number 2 to the Merchant Services Contract with SunTrust Merchant Services (STMS). NCDOL utilizes the Master Settlement Agreement (MSA) for electronic payment processing and has established policies and procedures necessary to facilitate the use of electronic payments. These policies and procedures can be found at [OSC Statewide Electronic Commerce Program \(SECP\)](#) that will incorporate the statewide electronic payment policies and procedures into NCDOL's Cash Management Plan. To ensure compliance, the following procedures are in place:

- a) NCDOL utilizes electronic payment methods for both outbound and inbound payments and adheres to the policies and procedures established by OSC.
- b) NCDOL utilizes the MSA agreement authorized by OSC.
- c) NCDOL adheres to the Security and Privacy of Data policy established by OSC.
- d) A confirmation of electronic payments is made at the time of the order for those utilizing the Worldwide Web (E-Store).
- e) Procedures established by OSC are used in handling customer transaction disputes.
- f) NCDOL follows the policy established by OSC regarding authorization for merchant card and ACH transactions.

### **7. Payments Accepted for Automatic Payments by Automated Clearing House (ACH)**

The NCDOL Financial Services Division accepts both outbound and inbound ACH transactions. NCDOL receives ACH debits (electronic drafts) and ACH credits (direct deposits) utilized for the payment of payroll and vendor payments. NCDOL utilizes the Master Settlement Agreement (MSA) for electronic ACH processing and has established policies and procedures necessary to facilitate the use of electronic payments. An overview of this program is available through the below weblink: [OSC Statewide Electronic Commerce Program \(SECP\)](#).

### **8. Responsibility for Accounts Receivable Systems, Policies & Procedures – OSC Policy 200.2**

NCDOL will provide OSC a complete report of the agency's accounts receivable upon request. The NCDOL Chief Financial Officer is responsible for developing systems that are adequate to properly account and report accounts receivable. NCDOL divisions and bureaus will not develop, implement, or operate any billing, accounts receivable or debt tracking system without prior knowledge and written approval from the NCDOL Financial Services Division. The NCDOL Chief Financial Officer is responsible for developing and implementing policies and procedures that adhere to the collection policies and guidelines established by OSC and the NC Attorney General's Office.



**9. Agency Defined Receivable Systems – OSC Policy 200.3**

NCDOL operates several agency-defined accounts receivable and billing systems. The major NCDOL defined accounts receivable and billing systems are the following:

- a) OnBase – Occupational Safety & Health Bureau
- b) OSHA Express (OE) – Occupational Safety & Health Bureau
- c) Jurisdiction Online (JO) – Boiler Safety Bureau
- d) Elevator Web Application – Elevator & Amusement Device Bureau
- e) OnBase – Wage & Hour Bureau
- f) QuickBooks – Education, Training and Technical Assistance Bureau

**10. Specific Accounts Receivable Collection Techniques – OSC Policy 200.4**

In accordance with OSC's Accounts Receivable Policy on Account Receivable Collection, NCDOL will employ techniques whenever practical for collection of accounts receivable that may include the use of credit reporting bureaus, judicial remedies authorized by law, and administrative set off by a reduction of an individual's tax refund pursuant to the Setoff Debt Collection Act, Chapter 105A of the NC General Statutes, or a reduction of another payment (other than payroll), due from the State to a person to reduce or eliminate an accounts receivable amount that the person owes the State. NCDOL will utilize the following list of state and federal statutes, when applicable and whenever practical, as a guide in effectively managing accounts receivable:

- a) Guidelines for Submitting Accounts from the NC Attorney General's Office.
- b) Setoff Debt Collection Act, NCGS §105A.
- c) State Cash Management Plan, Article 6A, NCGS §147-86.10 through §147-86.19.
- d) Defaulted Student Loan Recovery Act, NCGS §105B.
- e) State and Certain Local Educational Entity Employees, Non-salaried Public Officials, and Legislators.
- f) Required to Repay Money Owed to State, State Employees Debt Collection Act, Article 60, NCGS §143-552 through §143-562.
- g) Fair Debt Collection Practices Act, U.S. Public Law §95-109, as amended by Public Law §99-361.
- h) Fair Credit Reporting Act, United States Public Law §91-508, Title VI.
- i) Federal Communications Commission, Use of Telephone for Debt Collection Purposes.
- j) Federal Cash Management Improvement Act of 1990, Public Law §101-453.
- k) Higher Education Act of 1965, as amended, Title IV; Student Loans held by educational institutions and agencies.

**11. Minimum Identifying Information to Be Collected – OSC Policy 200.5**

Unless otherwise prohibited by law, NCDOL will collect the following minimum information whenever practical from all prospective debtors in accounts receivable and other debt collection tracking systems. NCDOL will utilize this information for billing, dunning, locating debtors, and legal action (as necessary) to recover debts due to the agency.

- a) Full name and any previous name (if applicable).
- b) Home and office address.
- c) Telephone numbers - home and place of employment.

- d) Federal employer identification number EIN.
- e) Social Security Number for individuals or sole proprietorships contracting with the State.
- f) Date of Birth.
- g) For other individuals, Social Security number and /or driver's license number may be requested, but not required, except as specifically provided for in law.
- h) Place and type of employment, employer's address and previous employer if employed less than two years in present job.
- i) A credit bureau report may be required depending on the amount of the potential receivable and the guidelines of the particular agency or institution. However, due to the nature of the agency's business, NCDOL does not use credit reports.

NCDOL will comply with the guidance outlined in NCGS §132-1.10 regarding the collection, usage, storage, transmission, mailing and disclosure of all personal identifiable information and other identifying information in paper form or electronic media related to all NCDOL accounts receivable activities.

**APPROVED EXCEPTION:**

*Due to the nature of the agency's business, NCDOL's accounts receivables owed to the State are primarily from businesses and individuals acting in a sole proprietorship business capacity. NCDOL's accounts receivables primarily come from businesses that individuals are acting as employers "Doing Business As" (DBA) in a sole proprietorship business capacity. Per NC General Statute §132-1.10 as it relates to Personal Identifying Information (PII), NCDOL does not collect social security numbers from individuals acting in a sole proprietorship business capacity. Furthermore, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires security standards for the protection of electronic protected information, which includes protecting the use of an individual's social security number. As per OSC Policy 200.5, agencies should obtain the minimum prescribed information on prospective debtors wherever practical. NCDOL will issue any refunds, overpayments, and/or paybacks to vendors will be processed through the State's Accounting System allowing NCDOL to offset any debt owed to the State through the normal vendor debt setoff process. NCDOL submits an annual debt setoff waiver each year to OSC. To date, each debt setoff waiver has been approved by OSC (also referenced in Attachment 4).*

**12. Management of Receipts – Other Techniques Employed - OSC Policy 200.6**

In addition to adhering to these guidelines, NCDOL is employing other proven techniques and procedures designed to maximize the interest-bearing investment of State cash balances while minimizing idle and non-productive cash balances. Some of those techniques may include:

- a) Receipt of federal grants payments by wire transfer when possible.
- b) Separation of addresses to distinguish remittances from other mail for special handling.
- c) Reassignment of personnel, or the hiring of temporary personnel, when this proves effective, to accelerate the processing of remittances during peak periods.
- d) If any deposits made by units outside Raleigh must be made with cash concentration banks designated by the State Treasurer.
- e) Establishing billing schedules that are both efficient and lead to earlier receipt of monies due to the State.

- f) The use of remittance processing equipment (scanners) when justified by the volume of deposits.
- g) Timing deposits to receive current-day credit in accordance with schedules available from the State Treasurer.

### 13. Past Due Account Collections – OSC Policy 200.7

In accordance with OSC, Accounts Receivable Policy, Past Due Account Collection Guidelines, NCDOL works closely with the NC Attorney General’s Office and a collections agency in the collection of past due accounts. The following guidelines are used in collecting fines, fees, and penalties:

Initial Invoice Sent	(1st Notice) Reminder Letter	(2nd Notice) Dunning Letter	(3rd Notice) AG Office Demand Letter	(4th Notice) Final Notice Letter	Sent to Collection Agency	Notice of Final Order	Write Off Procedures Begin
Current 0-30 Days	Past Due 1-30 Days	Past Due 31-60 Days	Past Due 61-90 Days	Past Due 91-120 Days	Past Due 121 -301 Days	Filed at 302+ Days	Uncollected After 3 Years

- a) **Elevator and Boiler Inspections:** Invoices are mailed out and are due approximately 30-days following the initial inspection date. If payment is not received approximately 30-days after the original due date of the invoice, a reminder letter is sent requesting payment (*first notice between 1-30 days past due*). If payment is not received within 30-days of the reminder letter, a dunning letter is sent by the appropriate NCDOL Accounts Receivable staff member (*second notice between 31-60 days past due*). If payment is not received within 30-days after issuance of the dunning letter, the debt is turned over to the NC Attorney General’s Office for a demand letter to be sent (*third notice between 61-90 days past due*). If there is no payment within 30-days after the NC Attorney General’s Office demand letter, the appropriate NCDOL Accounts Receivable staff member makes a final attempt to contact and pursue delinquent accounts during this 30-day timeframe (*fourth notice between 91-120 days past due*). After 121 days past due, any uncollected debt is forwarded onto a third-party collection agency – with the exception for Elevator delinquent accounts. If the collection agency does not receive payment within 180-days of actively pursuing this uncollected debt, the collection agency will release the file back to NCDOL. If the debt remains uncollected for three (3) years, the uncollectible receivable will be written off in accordance with OSC 200.12 Policy. However, if payment is received after the debt has been written off, or if the debtor submits a payment for a current invoice, the written off debt will be reinstated, and the monies applied first to the written off debt and any remaining monies will be applied to any current invoice(s). (*Also refer in Flowchart Attachment 2*).
- b) **Citations, Civil Fines and Penalties:** Businesses that are not in compliance with statutory requirements in the wage and hour as well as the occupational safety and health related areas may be assessed citations, civil fines and/or penalties. Businesses may contest the citation, request an informal conference, or pay the fine. Based upon the many variables that are involved in the collection of these accounts, there is no “standard 30-60-90-day timetable”. Typically, once a citation becomes eligible to collect and becomes past due by 30-days, the bureau notifies the appropriate NCDOL Accounts Receivable staff member to begin pursuing collections (*i.e., after exhausting legal contestment and/or informal conference time expires*). Invoices are mailed out and due approximately 30-days following notification from the bureau. Reminder letters are sent 30-days after the original invoice date (*first notice between 1-30 days past due*).

A copy of the reminder notice is also emailed to the bureau staff confirming the start of the collections process. If payment is not received by 30-days after the reminder letter, a dunning letter is sent by the appropriate NCDOL Accounts Receivable staff member (*second notice between 31-60 days past due*). If payment is not received within 30-days of the dunning letter, the invoice is submitted to the NC Attorney General's Office for a demand letter (*third notice between 61-90 days past due*). If there is no payment after the NC Attorney General's Office demand letter, the appropriate NCDOL Accounts Receivable staff member will make a final attempt to contact and pursue delinquent accounts during this 30-day timeframe (*fourth notice between 91-120 days past due*). After 121 days past due, any uncollected debt is forwarded onto a third-party collection agency. If the collection agency does not receive payment within 180-days of actively pursuing this uncollected debt, the collection agency will release the file back to NCDOL and a Notice of Final Order will be filed against the debtor. The Notice of Final Order will be sent to the debtor via U.S. certified mail. If the debt remains uncollected for three (3) years, the uncollectible receivable will be written off in accordance with OSC 200.12 Policy. The Notice of Final Order will remain on file and active with the court system for ten (10) years. However, if payment is received after the debt has been written off, or if the debtor submits a payment for a current invoice, the written off debt will be reinstated, and the monies applied first to the written off debt and any remaining monies will be applied to any current invoice(s). (*Also refer to Flowchart Attachment 3*).

- c) **Other Miscellaneous Invoices** (General Industry Standards): Invoices are mailed out and due approximately 30-days following the initial date of service. Reminder letters are sent 30-days after the original invoice date (*first notice between 1-30 days past due*). If payment is not received within 30-days after the reminder letter, a dunning letter is sent (*second notice between 31-60 days past due*). If payment is not received within 30-days of the dunning letter, the invoice is submitted to the NC Attorney General's Office for a demand letter (*third notice between 61-90 days past due*). If there is no payment after the NC Attorney General's demand letter, the NCDOL Accounts Receivable Section will make a final attempt to contact and pursue delinquent accounts during this 30-day timeframe (*fourth notice between 91-120 days*). After 121 days past due, any uncollected debt is forwarded onto a third-party collection agency. If the collection agency does not receive payment within 180-days of actively pursuing this uncollected debt, the collection agency will release the case back to NCDOL. If the debt remains uncollected for three (3) years, the uncollectible receivable will be written off in accordance with OSC 200.12 Policy. However, if payment is received after the debt has been written off, or if the debtor submits a payment for a current invoice, the written off debt will be reinstated, and the monies applied first to the written off debt and any remaining monies will be applied to any current invoice(s).

#### **14. Interest and Penalty Fees – NCGS §147-86.23 Statutory Requirements & OSC Policy 200.8**

Interest will be charged at the rate established pursuant to NCGS §105-241.21 on a past due account receivable from the date it becomes past due until it is paid. This includes the debt for returned checks, calculated from the date the check was returned from the bank and salary overpayments for separated employees. The NCDOL Accounts Receivable Manager will periodically contact the NC Department of Revenue to obtain the rate that is currently being charged. The NC Department of Revenue sets this rate semi-annually. In any situation where we charge interest on an account receivable and the payment schedule overlaps periods, the interest rate remains consistent with the rate set at the time the payment schedule was put into effect.

In those cases where NCDOL has the ability to recoup the account receivable within subsequent months of the due date, interest will be charged for the 30-day past due period through the date of the recoupment. Unless prohibited by law or due to extenuating circumstances, NCDOL will issue a late payment penalty fee of no more than 10% of the accounts receivable, which will be charged on all past due accounts. NCDOL may also waive a late-payment penalty for a demonstrated and evidenced reason.

### 15. Provisions of State Services to Delinquent Debtors – OSC Policy 200.9

In accordance with NCGS §147-86.21 and NCGS §147-86.23, except when prohibited by law or legal contracts, persons or entities with accounts that are past due or have been written off due to non-payment should be denied additional goods or services until payments to NCDOL have been received or resolved.

### 16. Referral of Accounts to the NC Attorney General’s Office – OSC Policy 200.10

In accordance with OSC’s Accounts Receivable Policy on Referral of Accounts to the NC Attorney General’s Office, all payment terms will be thirty (30) days after the invoice date except when prohibited by law. Invoices should be dated as close to the anticipated mailing date as possible. Past due invoice billing for all unpaid amounts will be sent if a vendor, agency, or individual has not paid by the requested due date. The below chart outlines the past due timeframes, which are also referenced in the past-due account collections guidelines subsection under OSC’s Accounts Receivable Policy.

Initial Invoice Sent	(1st Notice) Reminder Letter	(2nd Notice) Dunning Letter	(3rd Notice) AG Office Demand Letter	(4th Notice) Final Notice Letter	Sent to Collection Agency	Notice of Final Order	Write Off Procedures Begin
Current 0-30 Days	Past Due 1-30 Days	Past Due 31-60 Days	Past Due 61-90 Days	Past Due 91-120 Days	Past Due 121 -301 Days	Filed at 302+ Days	Uncollected After 3 Years

The reminder letter is sent when the account first becomes thirty (30) days past due. The reminder letter or statement will notify the entity or individual that unless the account is paid immediately, interest will be charged for each day the account is past due. Also, the reminder letter will indicate that the past due amount will be turned over to the NC Attorney General’s Office or their designee for collection. If no payment or response is received within thirty (30) days after the reminder notice, a dunning notice is sent via U.S. mail that states it will charge the current statutory interest rate and the delinquent account will be turned over to the NC Attorney General’s Office for collection. If no payment or response is received within thirty (30) days after the dunning notice, the past due account is turned over to the NC Attorney General’s Office for issuance of a demand letter.

### 17. Establishing an Allowance for Doubtful Accounts – OSC Policy 200.11

Pursuant to OSC’s Accounts Receivable Policy on Establishing an Allowance for Doubtful Accounts, the NCDOL will establish an allowance for doubtful accounts to reflect the estimated amount of accounts receivables that will be deemed uncollectible. This will ensure NCDOL’s receivables are not overstated for financial reporting purposes. NCDOL Financial Services Division will maintain and provide adequate documentation of the methodology used to estimate doubtful accounts.



**18. Uncollectible Accounts and Write-off Procedures – OSC Policy 200.12**

Account balances that have been determined to be uncollectible in accordance with OSC's Accounts Receivable Policy, shall be submitted to the NCDOL Chief Financial Officer for approval. The NCDOL Accounts Receivable Section will maintain documentation in the file or in on-line account notes to support all write-offs. Write-off amounts and the policy for uncollectible accounts for NCDOL shall follow OSC's Uncollectible Accounts Policy.

- a) Interagency receivables will not be written-off without the approval of OSC. If NCDOL is unable to collect receivables from another State agency, the NCDOL Chief Financial Officer or designee will contact OSC for assistance. OSC has the authority to process the interagency transactions that are considered necessary under the circumstances.
- b) For any uncollectible receivable of more than \$25.00 that has been written off, a summary record of the accounts sufficient to substantiate the debt is to be retained indefinitely unless the debt has been collected or discharged. For the uncollectible receivables of \$25.00 or less that has been written-off, records must be retained for a minimum of two (2) years. If an automated system does not support this requirement, the receivable record may not be removed from the system until another record is created. Amounts written off must be maintained on the system in a separate company or other identifying division that allows for reporting amounts that have been written-off versus amounts in collectible accounts receivable that will be included on the financial statements. A record of accounts written-off must be maintained and reported to OSC on a periodic basis. OSC requires reporting on write-off activity throughout the State Fiscal Year as well as being included in NCDOL's annual financial statements. These reports include but not limited to bad debt write-offs, contractual write-offs, and indigency write-offs.

**B. CASH MANAGEMENT OVER DISBURSEMENTS**

While the objective of controlling receipts is to collect as early as possible, the objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential of its funds. This is not intended, however, to encourage late payment or detrimental relationships with the entities who, in good faith, supply goods and services to the State.

In managing disbursements, NCDOL Accounts Payable Section follows OSC Policy 500.7 for the electronic payment (E-payment) process. This process allows agencies using the State's Accounting System to deposit money directly into a vendor's or employee's bank account. As part of the e-payment process, an e-mail or fax will be sent to notify the payee that a deposit has been made. The e-payment process is mandatory for all State Employees requesting reimbursement from the State. Payment to vendors is on a voluntary basis.

NCDOL divisions and bureaus utilize the Procurement Card Program (P-Card) to simplify the procurement of small purchase items and for emergency type purchases. The P-Card Program enables users to acquire these necessary supplies and materials quickly, especially in remote locations. The system merges small purchase acquisitions with the (online) State's Accounting System, enhances review of small purchases by management, and expedites payment to vendors. The online reconciliation process is designed to comply with current audit requirements.

The program is not intended to bypass or circumvent existing procurement or payment regulations or procedures but rather to complement them. To accomplish these objectives, the NCDOL Cash Management Plan includes the following cash management over disbursements guidelines:

### 1. Funds Remain on Deposit Until Disbursement to Ultimate Payee

Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee. This law prohibits processing receipt or disbursement of State funds through contractor or intermediary bank accounts.

To ensure compliance, the following guidelines exist:

- a) **Cash Disbursements:** Consistent with the policies and procedures of OSC, using the State's Accounting System is required for all cash requisitions and transferring of funds. The State's Accounting System will automatically approve and post requisitions and will transfer transactions daily if sufficient cash is available. If sufficient cash is not available to support disbursements, the appropriate NCDOL cash management staff member must manually resubmit the transaction once sufficient cash becomes available. Checks are released once confirmation of the transaction has updated in the State's Accounting System.
- b) **Bank Reconciliation:** Agency bank accounts will be reconciled on a monthly basis within fifteen (15) business days of the posting of the OSCOPF MM170-1 Check Reconciliation report within the OSC reporting system. NCDOL Financial Services Division staff assigned to reconcile the bank accounts may not be assigned duties involving posting accounts, authorizing disbursements, or handling receipts/unpaid checks.
- c) **Inter/Intra Governmental (IGO) Transfers and Payments:** NCDOL will follow OSC's Memorandum issued on February 19, 2004 regarding IGO transaction process for state agencies. NCDOL will adhere to the IGO transaction process and transfer monies between state agencies using the State's Accounting System.

### 2. No State Funds May Be Expended Without an Authorized Budget

As provided by NCGS §147-86.10, the order in which appropriations and other available resources are expended will be subject to the provisions of the Executive Budget Act, NCGS §143-1 through §34.45, regardless of whether the State agency disbursing or expending the monies is subject to the Act. Monies are not to be disbursed if funds are not in the authorized budget. NCGS §143-16.1 (a) states "All federal funds shall be expended and reported in accordance with the Executive Budget Act, except as otherwise provided by law."

### 3. Federal and Other Reimbursements Must Be Repaid to the Source of State Funds

Federal and other reimbursements of expenditures paid from State funds will be repaid immediately to the source of the State funds. Accordingly, receipts will be recorded in the Company/Account/Center that has incurred or will incur the reimbursable expenditure. An appropriate clearing account may be established in the general fund code for recording receipts that are pending allocation of reimbursable expenditures. Unearned federal cash balances on hand in clearing accounts as of June 30th of each year will be transferred to the appropriate federal fund code to avoid reversion of federal cash and duplication of revenue reporting in the subsequent year.

Unallocated program refunds and overpayment recoveries containing funds due to federal or local governments will be carried forward to the subsequent year for distribution to the appropriate funds. Unallocated refunds will be transferred, reclassified as payables, or considered deferred revenue in NCDOL's annual financial statements to OSC.

#### **4. Time of Payment for Goods and Services Received Policy**

Billings to the State for goods received or services rendered will be paid neither early nor late but on the discount date or due date to the extent practical. The timely payment of invoices by the scheduled due date will be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. The State's Accounting System accommodates the timely payment of invoices by their scheduled due date. Internal processes are to be employed to schedule accounts payable for payment by the discount date or the due date. The NCDOL Chief Financial Officer or their designee may grant approval on supporting documentation when a request is received from a division director or bureau chief with a program justification for payment on an earlier disbursement cycle. Early payment is allowed if there is a cost savings to NCDOL. In accordance with the NC OSBM Budget Manual – Section 5, reimbursement requests for employees must be filed within thirty (30) days after the time period ends for which the reimbursement is being requested. NCDOL will process employee reimbursements immediately to limit any financial hardship to NCDOL employees.

#### **5. Disbursement Cycles Policy**

In accordance with NCGS §143B-426.37, disbursement cycles for the agency will be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while ensuring prompt payment of bills due. In order to avoid disbursing account overdrafts, warrants should not be released before adequate funds have been requisitioned by the agency, approved, and deposited to the applicable disbursing account by OSC. To ensure compliance, the following NCDOL policies and procedures are in place:

- a) Invoices and travel reimbursement requests are received in the accounts payable section from various bureaus/divisions within the agency. Travel reimbursement documentation supporting employee reimbursement requests is received and audited prior to entering the data into the State's Accounting System. Updates to NCDOL's general ledger(s) are made nightly and checks and/or e-payments are processed the following day. The appropriate personnel within the NCDOL Accounts Payable Section utilize the State's Accounting System policies and procedures to process checks/e-payments daily.
- b) E-payments/checks are not released until adequate funding has been requisitioned, approved, and transferred to NCDOL's disbursing account.

#### **6. Disbursements of Electronic Transfer of Funds – OSC Policy 500.1 – 500.2**

NCDOL utilizes the Electronic Funds Transfer (EFT) for certain payments between State and local units, vendors, and employees when it is determined to be mutually beneficial to both parties. NCDOL adheres to the EFT policy and procedures established by OSC.

- a) NCDOL will utilize electronic payments, in accordance with NCGS §147-86.22 and the State's Cash Management Plan, to the maximum extent possible, while consistent with sound business

practices. NCDOL will utilize the Master Settlement Agreement (MSA) for electronic payment processing and has established policies and procedures necessary to facilitate the use of electronic payments.

- b) NCDOL will comply with the guidance outlined in NCGS §132-1.10 regarding the collection, usage, storage, transmission, mailing and disclosure of all personal identifiable information and other identifying information in paper form or electronic media related to all NCDOL cash disbursement activities.

### **7. Employee Travel Advances Policy**

- a) Employee travel advances can be issued no more than five (5) working days before the actual date of departure.
- b) Only one (1) travel advance may be outstanding per employee.
- c) Temporary travel advances must be approved by the employee's supervisor. In accordance with the NC OSBM Budget Manual, requests for reimbursement must be filed within thirty (30) days after the travel period ends in which the reimbursement was requested. Otherwise, a justification memo must be approved by the supervisor and submitted with the reimbursement request.
- d) All temporary travel advances must be settled within thirty (30) days after the travel period concludes or prior to OSC's annual June 30th state fiscal yearend deadline for repaying travel advances, whichever comes first.
- e) Permanent travel advances have been discontinued.
- f) All payments to staff (including travel advances) will be made via direct deposit to the employees' bank accounts registered with the NCDOL Accounts Payable Section. In order to promote economic efficiency in NCDOL operations, reimbursements for travel expenses and advances by direct deposit is mandatory unless the employees do not receive their pay by direct deposit.

### **8. State Administered Procurement Cards**

NCDOL division and bureau staff utilize the Procurement Card Program (P-Card) to simplify the procurement of small purchase items and for emergency type purchases. The online reconciliation process is designed to comply with current audit requirements. The program is not intended to bypass or circumvent existing procurement or payment regulations or procedures but rather to complement them. The NC Department of Administration [Procurement Card Manual](#) is available through this weblink. To ensure compliance, NCDOL adheres to the following established policies and procedures for P-Cards.

- a) P-Card data is imported from the Bank of America and payments are processed through the State's Accounting System to the bank after the charges have been reconciled.
- b) The P-Card request form is completed and approved by the division or bureau head before a credit card is issued.
- c) Purchases are monitored and audited by the P-Card reconciler and P-Card administrator.
- d) Single transaction limits are set between \$200 and \$2,000 per card, under the \$2,500 per transaction limit that as specified by the NC Department of Administration (DOA). For transactions above \$2,500, additional permissions are required.

**9. Employee Time Sheets Required to Document Charges to Federal Grants**

NCDOL employees that work on more than one federal program (or cost objective), must account separately for the time worked/spent in each federal program on a NCDOL Monthly Time Distribution Report - Federal Time Record form. The NCDOL Monthly Time Distribution Report - Federal Time Record will be prepared in addition to and balance with the monthly report of hours worked and leave taken OSC's payroll system. The NCDOL Monthly Time Distribution Report - Federal Time Record will be signed by the employee's supervisor to indicate that time charged to federal programs is allowable in accordance with the federal grant agreements to which time has been charged. All NCDOL Monthly Time Distribution Report - Federal Time Records will be completed and sent to the NCDOL Financial Services Division no later than the ten (10) business days following the end of each month.

**10. NC Unclaimed Property Act (Escheats and Abandoned Property)**

In accordance with NCGS §116B-53, requires all credit balances and state warrants unclaimed or uncashed for a period of one (1) year must be escheated. The escheat law also requires that by November 1st, an attempt must be made "to notify each owner at their last known address that their property, worth \$50.00 or more, which became escheatable on the previous June 30th and will be escheated to the State of North Carolina unless claimed."

If a receivables account has an outstanding credit balance or if payables account has uncashed warrants, then due diligence shall be utilized in returning the funds back to the owner. The NCDOL Accounts Payable and Accounts Receivable Manager's will be responsible for the semi-annual maintenance of any outstanding warrants or credit balances of 180-days or more and any other compliance issues arising under this section. If unsuccessful in returning funds back to the owner due to unresponsiveness of formal notification requests, the NCDOL Accounts Payable and Accounts Receivable Manager's will escheat the to the State Treasurer's Unclaimed Property Division.

**11. Certification Statements for Dedicated Workers Assigned to Federal Grants**

The Uniform Administrative Requirements for the Cost Principles and Audit Requirements for Federal Awards, more commonly known as the "Omni-Circular" (codified at 2 CFR Part 200.430), provides new guidance concerning time and effort reporting. The new guidance places more emphasis on internal control opposed to the requirement of specific documentation and standardized forms. Charges to federal awards for salaries and wages should be reflected in documentation supported by a system of internal controls that provides reasonable assurance that the time being charged to grants is accurate, allowable, and properly allocated. In order to document compliance, NCDOL staff are required to identify and document all employees whose salaries are charged to a single federal award or cost objective. The federal participation rate is not a factor.

For example, if an employee spends 100% of their time working on a federal grant, a certification statement would be completed even though the grant requires a non-federal match. A certification statement must be signed every twelve (12) months by a manager knowledgeable of the employee's work effort certifying that 100% of the employee's time was spent on activities benefitting only that federal grant. An overview of this federal regulation is available through the following weblink:

[Electronic Code of Federal Regulations](#).



**12. Cash Management Improvement Act (CMIA) Compliance**

Federal funds received for major assistance programs to support disbursements that are governed by the Cash Management Improvement Act of 1990, are drawn in accordance with the current state/federal agreement. Federal funds drawn to support expenditures are deposited to the federal fund budget code 33800. These funds are timed to be on deposit with the State Treasurer no more than two (2) business days prior to disbursement/transfer to the general fund budget code 13800 within NCDOL divisions and bureaus.

**13. Delegation of Disbursing Authority to NCDOL**

In accordance with NCGS §143B-426.40G, OSC has exclusive responsibility for issuance of all warrants for the payment of money upon the State Treasurer. OSC has delegated this authority through an executed agreement dated February 2, 2023 to the NCDOL Financial Services Division, granting the authority to make disbursements through the disbursing accounts established with the State Treasurer for the agency.

The “Delegation of Disbursing Authority” agreement must be kept current and resubmitted to OSC as part of the annual Cash Management Plan approval process, regardless of whether changes have occurred since the last Cash Management Plan submission. *(Also referenced in Attachment 5).*

**C. CASH MANAGEMENT OVER INVENTORY AND SUPPLIES**

Inventories will be managed in a manner that ensures that only the minimum supply level necessary to conduct business without disruption is stocked. Economical order quantities will be considered in implementing procedures to control inventories. To accomplish these objectives, the NCDOL Cash Management Plan includes the following cash management over inventory and supplies guidelines.

**1. Inventory Policy – OSC Policy 101.2**

At the end of the State fiscal year, an inventory of supplies on hand that exceed \$1,000 in value is required for inclusion in NCDOL’s annual financial statements to OSC consisting of general supplies and materials. Postage is an exception due to its liquidity and must be recorded when it exceeds \$100 in value. Divisions/bureaus have the responsibility to report these inventories totals to the NCDOL Financial Services Division.

**2. Procurement Policies and Procedures**

The NCDOL Chief Financial Officer has delegated procurement authority and responsibilities to the NCDOL Procurement Manager for obtaining all commodities and services necessary for the operation and maintenance of the agency. NCDOL adheres to the State’s policies and procedures when purchasing goods or services for the agency.

The NC Department of Administration, Division of Purchase and Contract’s Procurement Rules [State P&C Procurement Rules](#) *(covers the State’s procurement procedures in greater depth and should be the primary source for procurement information)*. The NC Department of Information Technology Services’ Information Technology Procurement Manual [NCDIT Procurement Manual](#) covers the State’s purchase of information technology equipment and services.

In accordance with NCGS Article 3 of Chapter 143, 01 NCAC 05B.0301 and 09 NCAC 6b.301, all NCDOL procurement transactions will continue to be made in strict compliance with the provisions of the State of North Carolina as listed within NC General Statute and Administrative Code. The internal benchmarks established by State P&C and NCDIT are the following:

- a) **\$1 - \$200** – Small purchases of goods or services that are not covered under a mandatory State Term Contract are permitted to be paid as a direct invoice or purchased on an authorized p-card. Small purchases of goods or services that are covered under a mandatory State Term Contract, Correction Enterprises, or a Non-Profit Work Center for the Blind or Severely Disabled shall have a purchase order issued through E-Procurement.
- b) **\$201 - \$25,000** – For P&C and DIT, no formal bidding out for competition is required, but requisitioners must attempt to obtain at least three (3) quotes on vendor letterhead for the requested goods or services and if available, at least one (1) quote should be from a Historically Underutilized Business (HUB) vendor. Attach all quotes to the requisition prior to submitting for approval in E-Procurement. The NCDOL Purchasing Office may execute purchase orders issued through E-Procurement that do not exceed \$25,000.
- c) **\$25,001 and greater** – For DIT, all necessary procurement documents, including a waiver of competition or sole source request, are prepared, and submitted to DIT by the NCDOL Purchasing Office for formal bid solicitation processing and approval. These types of procurement solicitations are more complex and the NCDOL Purchasing Office will need at least sixty (60) business days for requests that exceed the DIT general delegation threshold. All waivers of competition must be in accordance with 09 NCAC 06B.0901 and be accompanied by a written justification.
- d) **\$25,001 - \$50,000** – For P&C, informal competition must be sought by completing the appropriate solicitation documents (RFQ, RFI, RFP, IFB) are prepared and posted to the Interactive Purchasing System (IPS) and the E-Procurement Sourcing Tool module by the NCDOL Purchasing Office. If a waiver of competition is warranted, the procurement file must contain adequate documentation justifying the reason(s) for deviating from the competition requirement. The NCDOL Purchasing Office may execute contract awards issued through E-Procurement that do not exceed \$50,000.
- e) **\$50,001 and greater** – For P&C, all necessary procurement documents, including a waiver of competition or sole source request, are prepared, and submitted to P&C by the NCDOL Purchasing Office for formal bid solicitation review and approval through the E-Procurement Sourcing Tool. These types of procurement solicitations are more complex and the NCDOL Purchasing Office will need at least sixty (60) business days for requests that exceed the P&C general delegation threshold. All waivers of competition must be in accordance with 01 NCAC 05B.1401 and be accompanied by a written justification.
- f) The NCDOL personnel involved in the procurement process are expected to make purchases using good judgment. All NCDOL purchasing staff, requisitioners, approvers and all other staff members are to act in accordance with all laws, rules, policies, and procedures that govern public procurement practices. **In accordance with NCGS §143-58.1, NCDOL personnel involved in the procurement process will be held accountable for unauthorized purchases and improper purchasing practices.**

**3. Fixed Asset System (FAS) Responsibility**

In accordance with NCGS §143-D, an annual physical inventory of the agency's fixed assets is conducted before May 31st of each state fiscal year. To assure the accuracy of fixed asset records on a continuing basis, it is necessary to reconcile Fixed Asset System (FAS) records with the State's Accounting System on a periodic basis.

A NCDOL Financial Services Division employee (the Fixed Asset Coordinator) will be assigned FAS responsibility for each division/bureau and will reconcile the FAS records to the State's Accounting System records on a routine basis. An additional reconciliation may be necessary after completion of the annual physical inventory and any resulting FAS adjustments. The year-end FAS reconciliation will be of key importance in assuring the integrity of NCDOL's annual financial statements to OSC.

The FAS reconciliation will also be the responsibility of the NCDOL Fixed Asset Coordinator. Balancing and reconciliation documentation and procedures are outlined in OSC's Fixed Assets System User Manual. To ensure compliance, NCDOL adheres to the following established policies and procedures for fixed assets.

- a) Each division/bureau section chief or program manager will be assigned responsibility for their equipment.
- b) Any transfer of equipment or other assets from one division/bureau must be formally transferred by completing the appropriate documentation. This documentation must be completed, signed, and forwarded to the division/bureau designated FAS employee. The documentation will then be sent to the Fixed Asset Coordinator. Individuals are not relieved of responsibility for any leased equipment, regardless of whether it has been physically transferred to others, unless written notice of release of the item and reassignment to another individual is submitted to the designated FAS employee with the appropriate documentation.
- c) Each division/bureau will conduct an annual inventory of equipment and other assets under their responsibility in accordance with procedures issued annually by the NCDOL Financial Services Division.
- d) Fixed assets costing \$1,000 or more are identified in the FAS, and IT or other electronic equipment/devices less than \$1,000 are not identified in FAS but are tracked manually in a spreadsheet for inventory purposes.
- e) The appropriate FAS transfer or disposal documentation must be completed, signed, and forwarded to the designated FAS employee. The division/bureau will follow prescribed uniform standards governing the utilization and disposition of property when surplusing property.
- f) Fixed asset surplus procedures as defined by the Fixed Asset System's user manual and the NC Department of Administration State Surplus Property Agency will be followed.
- g) Each division/bureau section chief or program manager will ensure all information and documentation related to their assigned fixed assets and inventoried equipment is shared and provided to NCDOL's Fixed Asset Coordinator for appropriate action.

**SIGNATURE APPROVAL PAGE**

The Cash Management Plan for:

NC Department of Labor

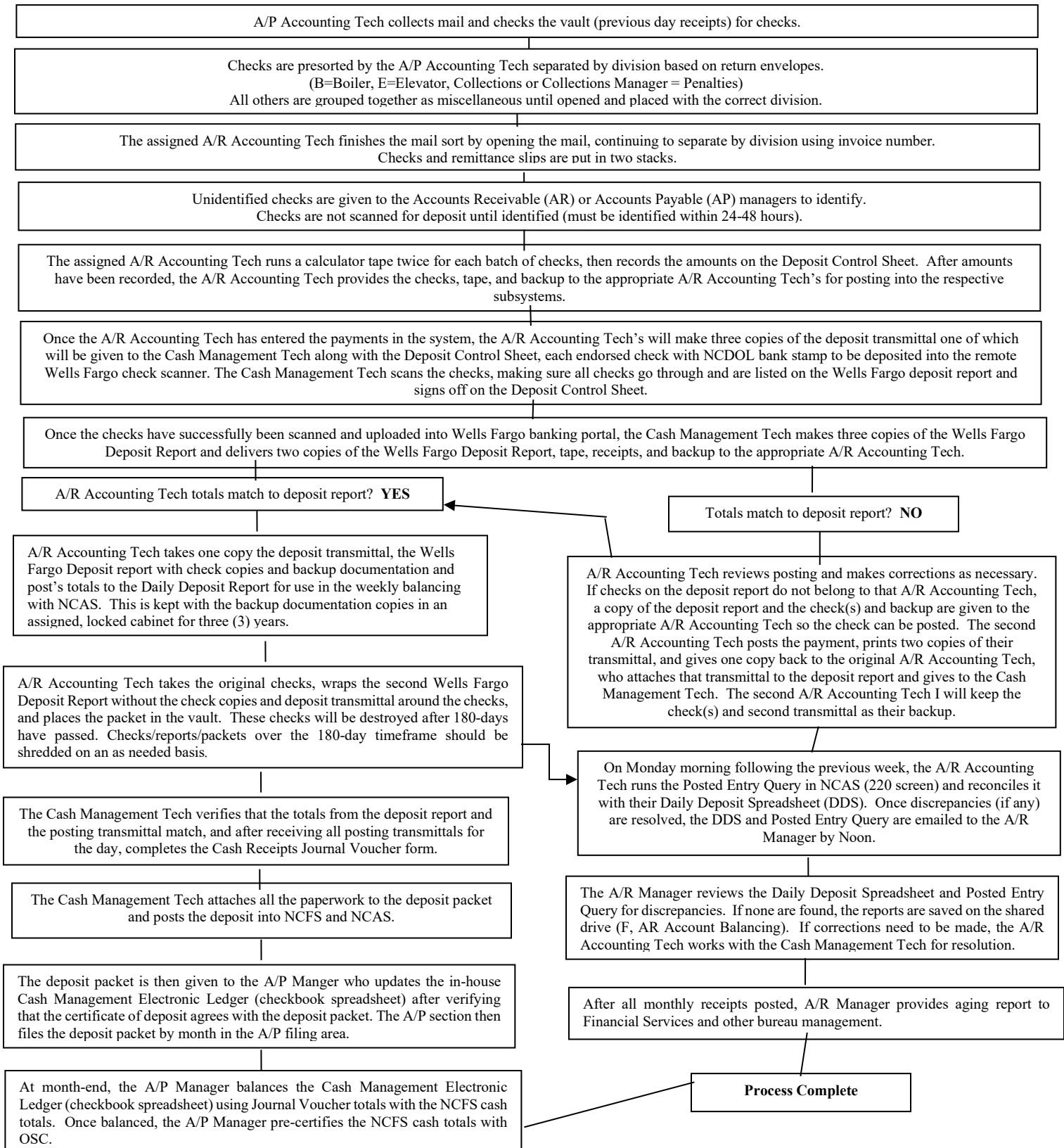
has been reviewed and approved by the following parties:

DocuSigned by: <i>Josh Dobson</i> 2023/02/02 12:47 PM EST	2/2/2023   12:47 PM EST
Agency Head	Date
DocuSigned by: <i>Jennifer Stackpole</i> 2023/02/01 12:33 PM EST	2/1/2023   12:33 PM EST
Fiscal Officer	Date
DocuSigned by: <i>Nels Roseland</i> 2023/02/06 09:49 AM EST	2/6/2023   09:49 AM EST
State Controller	Date

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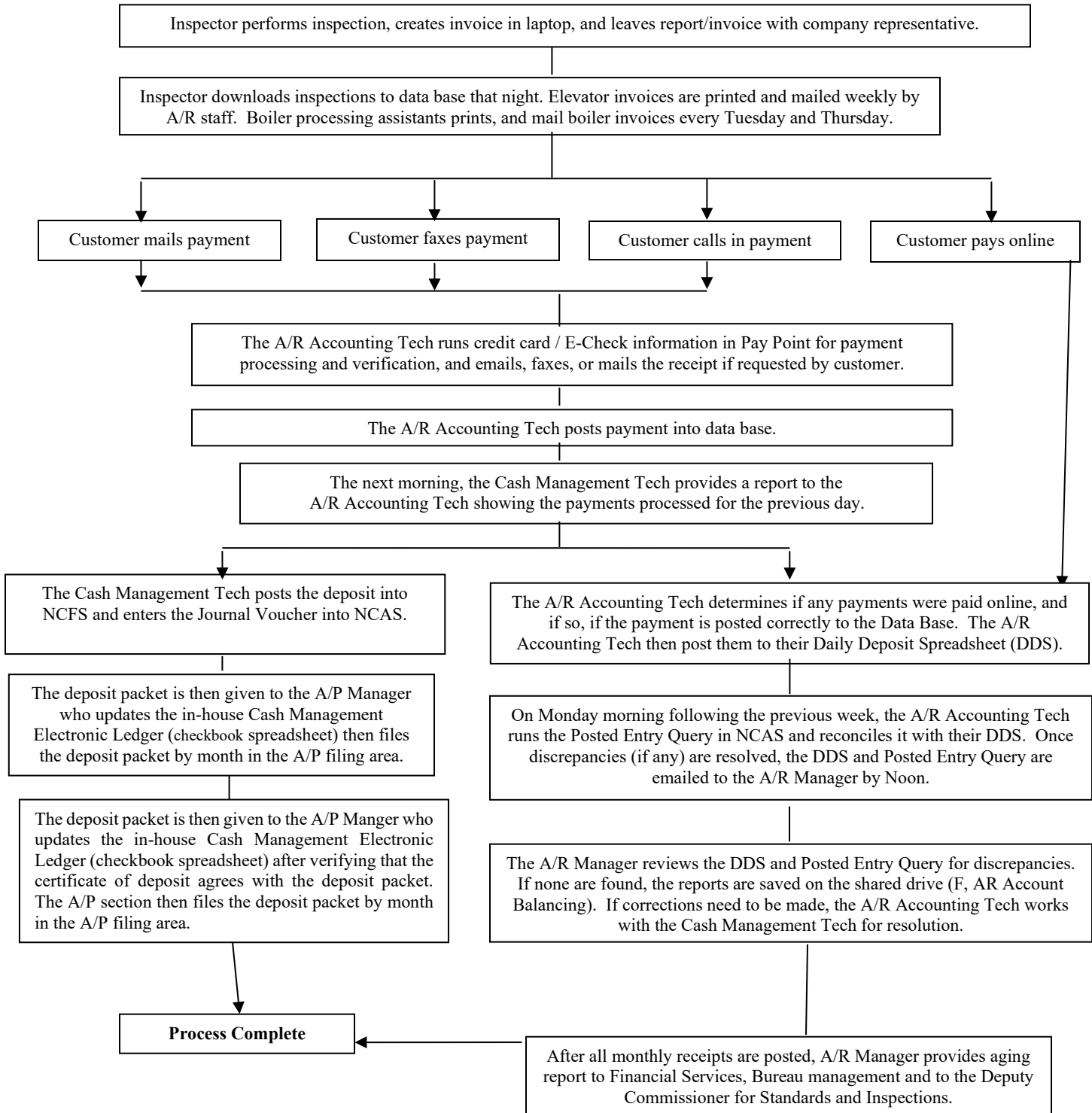
Cash Management Plan Certification  
State Agencies

### Check Receivables Process – Flowchart Attachment 1A

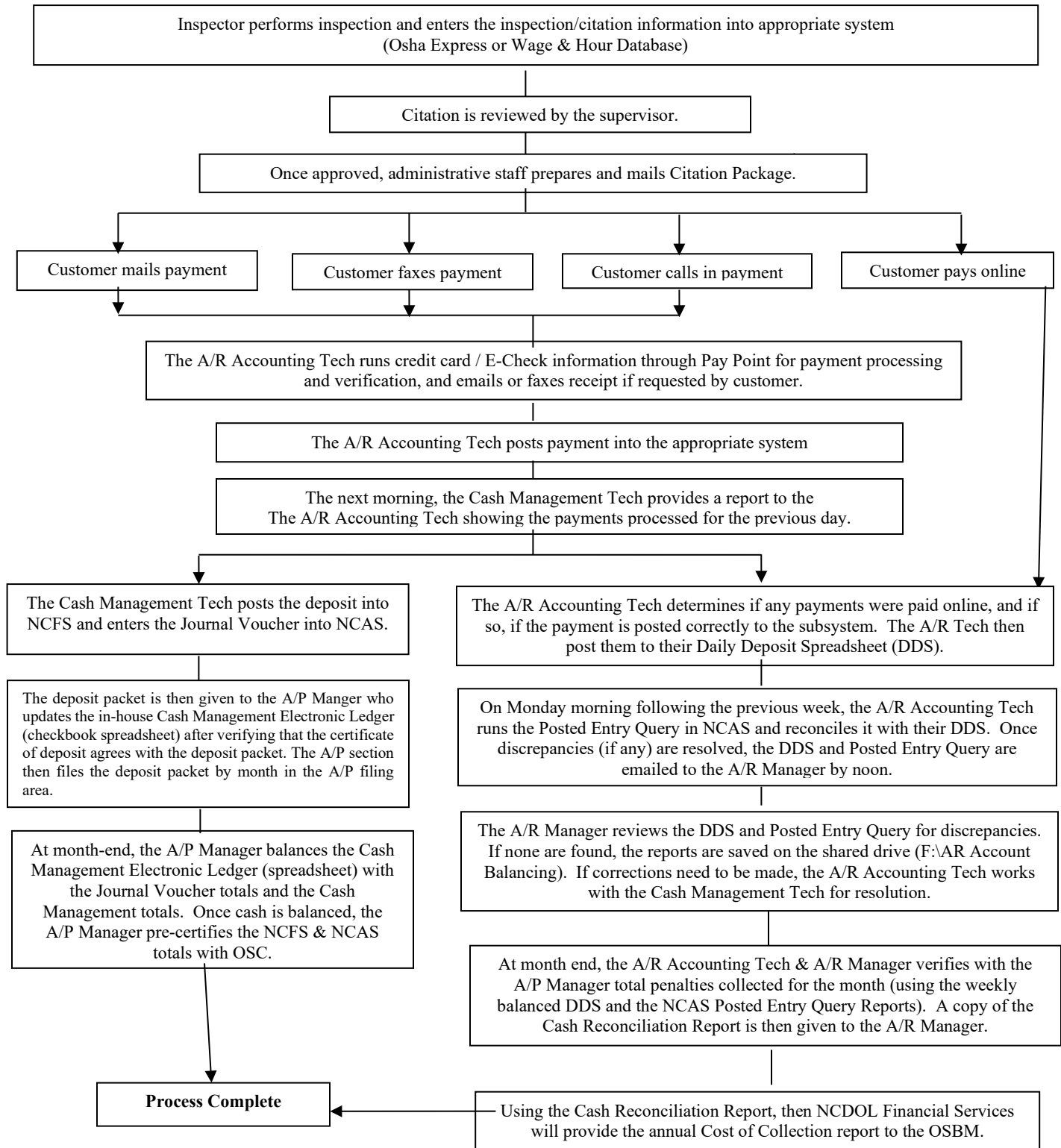




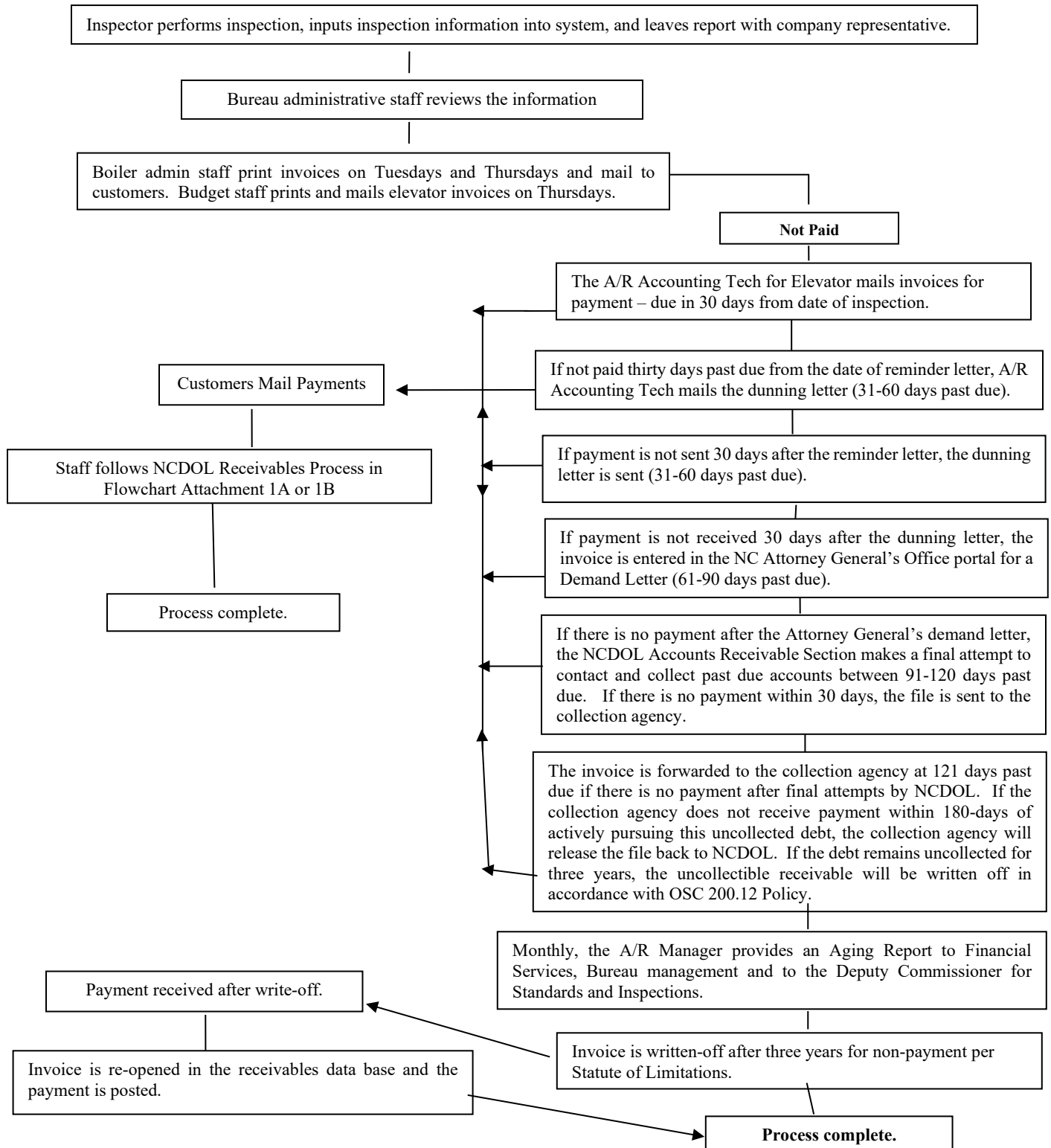
**Receivables Process for Credit Cards/E-Checks – Flowchart Attachment 1B  
(Inspection Fees)**



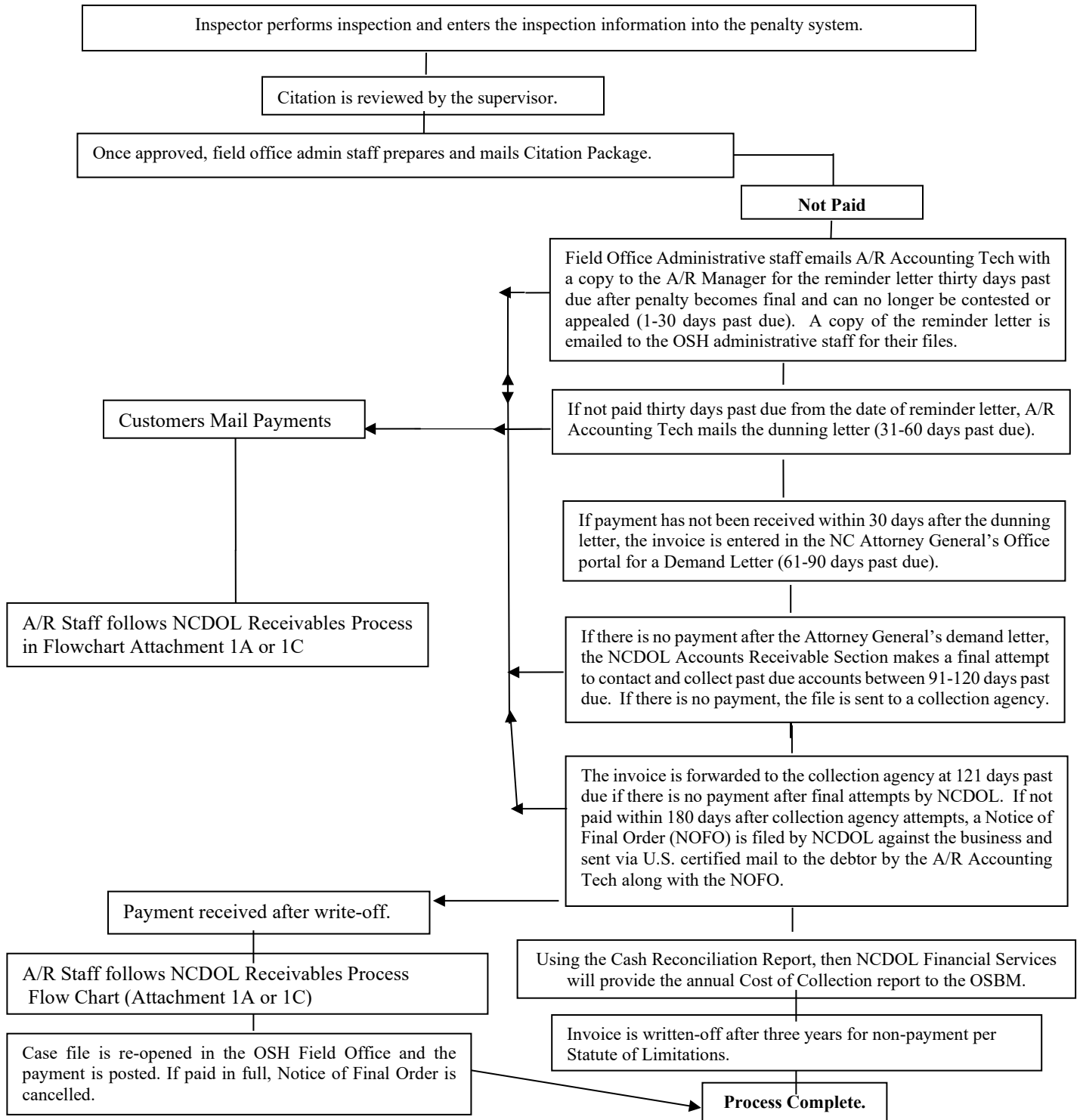
**Penalties Receivables Process for Credit Cards/E-Checks – Flowchart Attachment 1C**



**Inspection Fees Deferred Revenue Process – Flowchart Attachment 2**



**Penalty Collection-Deferred Revenue Process – Flowchart Attachment 3**



### OSC Approved Debt Setoff Waiver – Attachment 4

#### Statewide Accounts Receivable Program



#### Request for Waiver from Participation in Setoff Debt Collection Program

Per General Statute 105A-3(b), participation by a State Agency is mandatory unless the State Controller waives the requirement or the State agency has determined that the validity of the debt is legitimately in dispute, an alternative means of collection is pending and believed to be adequate, or such a collection attempt would result in a loss of federal funds. The State Controller may waive the requirement for a State agency, other than the Department of Health and Human Services or a county acting on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the State Controller finds that collection by this means would not be practical or cost effective. A waiver may apply to all debts owed a State agency or a type of debt owed a State agency.

To request a waiver, complete the following information:

Date: 11/08/2022

Agency Name: NC Department of Labor

Agency Contact: Kent Woodson

Contact email: [Kent.Woodson@labor.nc.gov](mailto:Kent.Woodson@labor.nc.gov)

Agency Chief Fiscal Officer: [Jennifer.Stackpole@labor.nc.gov](mailto:Jennifer.Stackpole@labor.nc.gov)

Type of Debt: Fees, Fines and/or Civil Penalties

Current Amount of Debt: \$12,693,587.16 as of 09/30/2022

Business Case for Excluding Debt: Due to the nature of the agency's business, NCDOL's accounts receivables owed to the State are primarily from businesses and individuals acting in a sole proprietorship business capacity. NCDOL's accounts receivable primarily comes from businesses that individuals are acting as employers "Doing Business As" (DBA) in a sole proprietorship business capacity. Per NC General Statute 132-1.10 as it relates to Personal Identifying Information (PII), NCDOL does not collect social security numbers from individuals acting in a sole proprietorship business capacity. Furthermore, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires security standards for the protection of electronic protected information, which includes protecting the use of an individual's social security number. As per OSC Policy 200.5, agencies should obtain the minimum prescribed information on prospective debtors wherever practical.

Also, NCDOL has six different case management tracking systems that have an accounts receivable component that is used for invoice billing and tracking payments. Modifications to make these case management tracking systems just to obtain PII & HIPAA compliance will be a significant cost to the agency;

Office of the State Controller





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**OSC Approved Debt Setoff Waiver – Attachment 4 (*continued*)**

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and NCDOL does not have the required funding or staffing resources to accommodate this change request.

NCDOL does not have the means to acquire the PII & HIPAA compliance with the intention of participating in the Department of Revenue's vendor debt setoff program; and to date, NCDOL has submitted an annual debt setoff waiver each fiscal year to OSC, which thus far has always been approved.

**Alternative Collection Technique:**

As further described in NCDOL's Cash Management Plan, the agency has a robust accounts receivable process for the collection of past due invoices/payments. NCDOL makes every attempt to collect all debts owed to the State by following the timeline listed below:

- 31-days past due reminder letters are sent from the original invoice date.
- 61-days past due a dunning letter is sent.
- 91-days past due the Attorney General's Office sends a demand letter.
- 121-days past due the NCDOL Accounts Receivable Section makes a final attempt to contact and collect past due accounts.
- 151-days past due the debt is turned over to a collection agency.
- If the collection agency is unsuccessful, NCDOL files a Notice of Final Order (NOFO) Judgement against the debtor.
- Any accounts that are written off due to non-payment will be denied NCDOL services until the past due payments have been received or resolved; and
- Any refunds and/or paybacks issued to vendors due to overpayments are processed through NCAS allowing NCDOR to offset debts through the Attachment and Garnishment process.

Submit via email to: [oscaccountsreceivable@osc.nc.gov](mailto:oscaccountsreceivable@osc.nc.gov)

***For OSC Use Only***

OSC Approval:

Alisha Moore

OSC Denial:

Reason:

Date:

11/8/2022

Date submitted to NCDOR:

11/8/2022

*Office of the State Controller*



## 2023 Cash Management Plan Update

### OSC Approved Delegation of Disbursing Authority – Attachment 5

**State of North Carolina  
Office of the State Controller  
Delegation of Disbursing Authority – Agencies and Universities**

Consistent with North Carolina General Statute § 143B-426.40G, the North Carolina Office of the State Controller (OSC) does herewith delegate the authority to make disbursements through a disbursing account established with the State Treasurer to the NC Department of Labor (agency/university) in accordance with the following terms and conditions:

1. The agency/university shall exclusively use disbursing account(s) assigned by the State Treasurer to make all disbursements.
2. The agency/university shall designate individual(s) to submit requisition(s) into the North Carolina Financial System (NCFS) for deposit of funds into disbursing accounts.
3. The agency/university shall requisition an amount equal to each corresponding payment cycle and shall not release said payments until verification from the North Carolina Financial System (NCFS) that the requisition has been approved.
4. The agency/university shall assure that the disbursing account balance at no time is in overdraft.
5. The agency/university assumes the responsibility for reconciling the disbursing account in accordance with guidelines issued by the State Treasurer.
6. In addition to the preceding terms and conditions the agency/university also acknowledges and agrees to:
  - a. Implement adequate internal controls over disbursements;
  - b. Adhere to agency/university's approved cash management policy;
  - c. Comply with rules set forth in the State Budget Manual;
  - d. Pre-audit all vouchers presented for payment to determine:
    - legality of disbursement
    - validity & accuracy of payment
    - payment due date
    - adequacy of documentation supporting payment
  - e. Ensure adequate control of signature stamps/plates;
  - f. Ensure adequate control of negotiable instruments;
  - g. Correct major audit findings of the State Auditor; and
  - h. Adhere to all scheduled (daily, weekly, monthly, and annual) financial reporting requirements
7. Any change in any accounting system or subsystem of the State agency, as defined in G.S. 147-64.4(4), must receive prior approval by the Office of the State Controller.
8. This delegation may be revoked at the sole discretion of the State Controller if, in his/her opinion, the terms and conditions outlined above are not strictly adhered to.

On behalf of the above-named agency/university, the signatories agree to comply with the aforementioned terms and conditions and accept responsibility for ensuring strict compliance with this delegated disbursing authority.

Josh Dobson

(Agency Head/Chancellor Name)

Jennifer Stackpole

(Fiscal Officer Name)

DocuSigned by:

Josh Dobson

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DocuSigned by:

Jennifer Stackpole

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(Signature)

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(Date)

2/1/2023 | 12:32 PM EST

(Date)

The above-named agency/university is granted disbursing authority in accordance with the terms and conditions set forth in this Agreement. The term of this delegation shall be from the date below and shall continue until notice in writing to the Agency Head/Chancellor from the State Controller that the delegation to disburse funds through a disbursing account is revoked or any of the signatories to the agreement no longer serves in his/her current capacity.

Nels Roseland

(State Controller Name)

Nels Roseland

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(Signature)

2/2/2023 | 13:16 PM EST

(Date)