

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

**H**

**1**

**HOUSE BILL 2749\***

Short Title: Halifax Schools Not Required to Repay Funds.

(Public)

---

Sponsors: Representatives Bryant, Allen, and Wray (Primary Sponsors).

---

Referred to: Appropriations.

---

May 28, 2008

A BILL TO BE ENTITLED

1  
2 AN ACT DIRECTING THE DEPARTMENT OF PUBLIC INSTRUCTION NOT TO  
3 RECOUP OVERPAYMENTS IN DOLLAR AND POSITION ALLOTMENTS OR  
4 RELATED PENALTIES FROM THE HALIFAX COUNTY SCHOOLS.

5 The General Assembly of North Carolina enacts:

6       **SECTION 1.** Notwithstanding any other provision of law, the Department of  
7 Public Instruction shall not recoup State funds dispersed in overpayment to the Halifax  
8 County Schools for dollar and position allotments and any related penalties for the  
9 2005-2006 and 2006-2007 fiscal years except for any such funds that may be subject to  
10 collection from surety bonds or actions at law for fraud, theft, embezzlement, or any  
11 other criminal acts. The Halifax County Board of Education shall maintain its  
12 accounting system and controls in accordance with the rules and standards of the State  
13 Board of Education and the Local Government Commission.

14       **SECTION 2.** G.S. 115C-451(b) reads as rewritten:

15       "(b) The State Board of Education shall be responsible for assuring that local  
16 boards of education comply with State laws and regulations regarding the budgeting,  
17 management, and expenditure of funds. When a local board of education willfully or  
18 negligently fails or refuses to comply with these laws and regulations, the State Board  
19 of Education shall issue a warning to the local board of education and direct it to take  
20 remedial action. The warning shall be sent to the school finance officer, the local  
21 superintendent, all the members of the board of education, the chair of the county  
22 commissioners, the county manager, and the county finance officer. If the failure or  
23 refusal to comply may result in the repayment of funds or the payment of penalties from  
24 local funds, that shall be noted in the warning. The chair of the board of education and  
25 the chair of the board of county commissioners shall place the warning on the agendas  
26 of their respective boards at the next meeting.

27       In addition, the State Board may suspend the flexibility given to the local board  
28 under G.S. 115C-105.21A and may require the local board to use funds during the term

1 of suspension only for the purposes for which they were allotted or for other purposes  
2 with the specific approval from the State Board."

3           **SECTION 3.** G.S. 115C-447 is amended by adding a new subsection to  
4 read:

5           "(a1) When a local board of education fails to submit an audit contract or an audit  
6 report as required by the Local Government Commission, the Commission shall notify  
7 the State Board of Education, the school finance officer, the local superintendent, all the  
8 members of the board of education, the chair of the county commissioners, the county  
9 manager, and the county finance officer."

10           **SECTION 4.** This act is effective when it becomes law.