

20 NCAC 03 .0409 is adopted as published in 31:24, page 2481, with changes as follows:

20 NCAC 03 .0409 EXEMPTION FROM PREAUDIT CERTIFICATE REQUIREMENT FOR ELECTRONIC ~~TRANSACTIONS~~PAYMENTS

(a) To qualify for an exemption from the preaudit certificate requirement in G.S. ~~159-28(a)~~159-28(a1) or G.S. ~~115C-441(a)~~115C-441(a1) for electronic ~~transactions,~~payments, a local government, public authority, or local school administrative unit, herein referred to as “the unit,” shall do the following:

- (1) The unit’s governing board shall adopt a resolution authorizing the unit to engage in electronic ~~transactions~~payments as defined by G.S. 159-28 or G.S. 115C-441;
- (2) The unit shall have an “encumbrance ~~system~~”-system.” As used in this ~~rule,~~Rule, an “encumbrance system” means a system of written policies and procedures for tracking obligations. The system may be manual, maintained as part of the unit’s accounting system, or a combination of the two;
- (3) The unit’s governing board, or finance officer if authorized by the unit’s governing board, shall adopt a written policy outlining procedures for preauditing obligations that will be incurred by electronic ~~transactions,~~payments. The written policy and ~~any~~the procedures shall provide internal controls that shall ensure the following:
 - (A) there is a budget, project, or grant ordinance appropriation authorizing the expenditure;
 - (B) that sufficient budgeted monies remain within the appropriation to cover the amount that is expected to be paid out during the current fiscal year if accounted for in the budget ordinance, or to cover the entire amount if accounted for in a project or grant ordinance; and
 - (C) that the amount of the transaction is recorded in the unit’s encumbrance system;
- (4) The unit shall provide training to all personnel about the written policy and the procedures that shall be followed before undertaking an electronic ~~transaction,~~payment; and
- (5) ~~Each quarter, The~~the unit shall provide its governing ~~board board,~~ ~~each quarter,~~ a ~~budget to actual~~budget-to-actual statement that includes the following:
 - (A) budgeted accounts;
 - (B) actual payments made;
 - (C) amounts encumbered, including electronic obligations; and
 - (D) the amount of the budget that is unobligated for all major funds.

~~Local government, public authority, or local school administrative units~~Units that comply with Subparagraphs (a)(1) through (5) of this Rule shall not be required to affix the preaudit language required in G.S. 159-28 (a1) or G.S. 115C-441 (a1) to electronic ~~transactions~~payments transacted ~~with;~~as follows:

- (1) ~~credit~~charge cards;
- (2) ~~procurement~~ credit cards; ~~or~~
- (3) ~~fuel cards,~~debit cards;
- (4) gas cards;

- 1 (5) procurement cards; or
- 2 (6) electronic funds transfers.

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4 *History Note: Authority G.S. 159-28(f)(3); 115C-441(f)(3);*
5 *Eff. November 1, 2017.*

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1 20 NCAC 03 .0410 is adopted as published in 31:24, pages 2481-2482, with changes as follows:

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3 **20 NCAC 03 .0410 EXEMPTION FROM DISBURSEMENT CERTIFICATE REQUIREMENT FOR**
4 **ELECTRONIC ~~TRANSACTIONS~~PAYMENTS**

5 (a) To qualify for an exemption from the disbursement certificate requirement in G.S. 159-28(d1) and G.S. 115C-
6 441(d1) for electronic ~~transactions~~,payments, a local government, public authority, or local school administrative unit,
7 herein referred to as “the unit,” shall do the following:

- 8 (1) The unit’s governing board shall adopt a resolution authorizing the unit to engage in electronic
9 ~~transactions~~payments as defined by G.S. 159-28 or G.S. 115C-441; and
10 (2) The unit’s governing board, or finance officer if authorized by the governing board, shall adopt a
11 written policy outlining procedures for disbursing public funds by electronic transaction. The
12 written policy and ~~any~~the procedures shall provide internal controls that shall ensure the following:
13 (A) that the amount claimed is payable;
14 (B) that there is a budget, project, or grant ordinance appropriation authorizing the expenditure;
15 (C) that monies remain within the appropriation to cover the amount that is due during the
16 current fiscal year if accounted for in the budget ordinance, or to cover the entire amount
17 if accounted for in a project or grant ordinance; and
18 (D) that the unit has sufficient cash to cover the payment.

19 (b) ~~Local government, public authority, or local school administrative units~~Units that comply with Subparagraphs
20 (a)(1) and (2) of this Rule shall not be required to affix the disbursement certificate required in G.S. 159-28 (d1) or
21 G.S. 115C-441 (d1) to any electronic ~~transactions~~,payments.

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23 History Note: Authority G.S. 159-28(f)(3); 115C-441(f)(3);
24 Eff. November 1, 2017.