

## SECTION .0400 - ACCOUNTING AND INTERNAL CONTROLS

### 20 NCAC 03 .0401 ACCOUNTING AND INTERNAL CONTROL SYSTEMS

- (a) The standard for accounting systems and internal control systems for governmental units shall be the Uniform Accounting System for Local Government in North Carolina published by the Commission or, where applicable, a uniform accounting system for the particular type of public authority when issued by the Commission. This standard will be used with due regard to the size, complexity and total budget of the governmental unit. It shall be the responsibility of such governmental unit to justify deviations from the standards which result in any weakening of internal control or failure to provide information otherwise required by law, contract or regulation.
- (b) In addition to the maintenance of accounting data on a departmental basis, each governmental unit shall maintain program accounting records wherever required to conform to the requirements established by law, by published regulation or by contract to which the governmental unit is a party. Provided, however, that no governmental unit shall be required to maintain details in the accounting records when such information is not furnished by autonomous or semi-autonomous agency prior to the actual recording of the various transactions.
- (c) No trust and agency fund shall include any disbursements to any party not a direct beneficiary of the trust or agency agreement. Wherever the governmental unit is itself a beneficiary of a trust fund, the amounts to be expended shall be transferred to another appropriate fund and expended in accordance with law.
- (d) Appropriation is defined to mean an authorization by the governing board of the governmental unit to make expenditures and to incur obligations for specific purposes. All appropriations are contained either in the annual budget ordinance, in a lawful amendment thereto, or in a project ordinance.
- (e) A fund established to account only for assessments for county roads pursuant to G.S. 153A-205 may be considered an agency fund provided that the only expenditures from the fund are paid to the state for construction costs or to the general fund for repayment of working capital advances or for the amount of interest and penalties collected.

*History Note: Authority G.S. 159-25(c); 159-26(e);  
Eff. February 1, 1976;  
Readopted Eff. September 23, 1977;  
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. January 9, 2018.*