



# Oversight of State Grants to Non-Profit Organizations: Legislative Options

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# Today's Purpose

- Review the November report on state grants to non-profits
- Describe the subsequent working group
- Consider legislative action steps



# Non-Profit Grants Report: Focus

*Does current oversight provide assurance that public resources granted to non-profits are spent in the way intended by the state?*

- Policy review of oversight of state grants to non-profit organizations
- \$694 million in Fiscal Year 2007-08



# Non-Profit Grants Report: Summary

Non-Profit Grants Oversight Policy

Report No. 2009-02



## PROGRAM EVALUATION DIVISION NORTH CAROLINA GENERAL ASSEMBLY

November 2009

Report No. 2009-02

### Accountability Gaps Limit State Oversight of \$694 Million in Grants to Non-Profit Organizations

- Gaps remain despite recent progress on oversight of \$694 million in state grants to non-profits
- Statutes and rules should be changed to strengthen accountability and focus on performance



# Working Group: Members

- *Office of the State Auditor*
  - Beth Wood
- *Office of State Budget & Management*
  - Anne Bander, Brandon James, Erin Matteson
- *Office of the State Controller*
  - Tom Newsome
- *Bill Drafting*
  - Emily Johnson
- *Program Evaluation*
  - Kiernan McGorty, Carol Ripple, Carol Shaw



# Working Group: Charge

- Review report recommendations
- Suggest potential action steps to improve accountability for state funds granted to non-profits



# Action Steps: High Priority

1. Give agencies authority to withhold 2% of grant funds for oversight  
*Statutory change required*
2. Require contract benchmarks for reporting  
*Statutory change optional*
3. Require agency monitoring plans  
*No statutory change required*
4. Require performance measurement  
*No statutory change required*



# Action Steps: Moderate Priority

5. Require grantees to submit cash-basis reporting within 90 days of state fiscal-year end

*Statutory change optional*

6. Electronically stop payments to grantees on the suspension of funding list

*No statutory change required*



# Summary

- Report identified gaps in accountability for \$694 million in funds granted to non-profits
- Working group of key officials endorsed action on report recommendations
- Legislation can be drafted to implement action steps at your discretion

