



CHAPTER 115C
ARTICLE 31 - THE SCHOOL BUDGET AND FISCAL CONTROL ACT

N.C.G.S. § 115C-441.

Budgetary accounting for appropriations.

SOURCE General Statutes of North Carolina, as published by the General Assembly	LAST AMENDMENT IN THIS TEXT S.L. 2015-246, s. 6(b) — fifth act in the lineage	RETRIEVED 21 September 2026, 05:37 UTC	SOURCE FINGERPRINT 308a86fd54e511cad2a5662c - 4a5f8599a7ba19f63c03adf0 - bf81162bbb95ba57
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§ 115C-441(a) Incurring Obligations. - Except as set forth below, no obligation may be incurred by a local school administrative unit unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. Nothing in this section shall require a contract to be reduced to writing.

§ 115C-441(a1) Preaudit Requirement. - If an obligation is reduced to a written contract or written agreement requiring the payment of money, or is evidenced by a purchase order for supplies and materials, the written contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been preaudited to assure compliance with subsection (a) of this section. The certificate, which shall be signed by the finance officer, shall take substantially the following form:

"This instrument has been preaudited in the manner required by the School Budget and Fiscal Control Act.

(Date)

(Signature of finance officer)"

§ 115C-441(a2) Failure to Preaudit. - An obligation incurred in violation of subsection (a) or (a1) of this section is invalid and may not be enforced. The finance officer shall establish procedures to assure compliance with this section, in accordance with any rules adopted by the Local Government Commission.

§ 115C-441(b) When a bill, invoice, or other claim against a local school administrative unit is presented, the finance officer shall either approve or disapprove the necessary disbursement. The finance officer may approve the claim only if all of the following apply:

- (1) The amount claimed is determined to be payable.
- (2) The budget resolution includes an appropriation authorizing the expenditure.
- (3) Either (i) an encumbrance has been previously created for the transaction or (ii) an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed.

A bill, invoice, or other claim may not be paid unless it has been approved by the finance officer or, under subsection (c) of this section, by the board of education. The finance officer shall establish procedures to assure compliance with this subsection, in accordance with any rules adopted by the Local Government Commission.

§ 115C-441(c) Board of Education Approval of Bills, Invoices, or Claims. - The board of education may, as permitted by this subsection, approve a bill, invoice, or other claim against the local school administrative unit that has been disapproved by the finance officer. The board of education may not approve a claim for which no appropriation appears in the budget resolution, or for which the appropriation contains no encumbrance and the unencumbered balance is less than the amount to be paid. The board of education shall approve payment by formal resolution stating the board's reasons for allowing the bill, invoice, or other claim. The resolution shall be entered in the minutes together with the names of those voting in the affirmative. The chairman of the board, or some other member designated for this purpose, shall sign the certificate on the check or draft given in payment of the bill, invoice, or other claim. If payment results in a violation of law, each member of the board voting to allow payment is jointly and severally liable for the full amount of the check or draft given in payment.

§ 115C-441(c1) Continuing Contracts for Capital Outlay. - A local school administrative unit may enter into a contract for capital outlay expenditures, some portion or all of which is to be performed or paid in ensuing fiscal years, without the budget resolution including an appropriation for the entire obligation, provided all of the following apply:

- a. The budget resolution includes an appropriation authorizing the current fiscal year's portion of the obligation.

b. An unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

c. Contracts for capital outlay expenditures are approved by a resolution adopted by the board of county commissioners, which resolution when adopted shall bind the board of county commissioners to appropriate sufficient funds in ensuing fiscal years to meet the amounts to be paid under the contract in those years.

§ 115C-441(d)

Payment. - A local school administrative unit may not pay a bill, invoice, salary, or other claim except by any of the following methods:

- (1) Check or draft on an official depository.
- (2) Bank wire transfer from an official depository.
- (3) Electronic payment or an electronic funds transfer originated by the local school administrative unit through an official depository.
- (4) Cash, if the local school administrative unit has adopted a policy authorizing the use of cash, and specifying the limits of the use of cash.
- (5) Warrant on the State Treasurer.

§ 115C-441(d1)

Except as provided in subsection (d) of this section, each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or signed by the chairman or some other member of the board pursuant to subsection (c) of this section. The certificate shall take substantially the following form:

"This disbursement has been approved as required by the School Budget and Fiscal Control Act.

(Signature of finance officer)"

No certificate is required on payroll checks or drafts or on State warrants.

§ 115C-441(d2)

An electronic payment or electronic funds transfer shall be subject to the preaudit process in accordance with this section and any rules adopted by the Local Government Commission. The rules so adopted shall address execution of electronic payment or electronic funds transfer and how to indicate that the finance officer has performed the preaudit process in accordance with this section. A finance officer shall be presumed in compliance with this section if the finance officer complies with the rules adopted by the Local Government Commission.

§ 115C-441(e) Penalties. - If an officer or employee of a local school administrative unit incurs an obligation or pays out or causes to be paid out any funds in violation of this section, that officer or employee, and the sureties on any official bond for that officer or employee, are liable for any sums so committed or disbursed. If the finance officer gives a false certificate to any contract, agreement, purchase order, check, draft, or other document, the finance officer and the sureties on any official bond are liable for any sums illegally committed or disbursed thereby.

§ 115C-441(f) The certifications required by subsections (a1) and (d1) of this section shall not apply to any of the following:

- (1) An obligation or a document related to the obligation has been approved by the Local Government Commission.
- (2) Payroll expenditures, including all benefits for employees of the local government.
- (3) Electronic payments, as specified in rules adopted by the Local Government Commission.

§ 115C-441(g) As used in this section, the following terms shall have the following meanings:

- (1) Electronic funds transfer. - A transfer of funds initiated by using an electronic terminal, a telephone, a computer, or magnetic tape to instruct or authorize a financial institution or its agent to credit or debit an account.
- (2) Electronic payment. - Payment by charge card, credit card, debit card, gas card, procurement card, or electronic funds transfer.

END OF SECTION TEXT

APPARATUS FOLLOWS — DERIVED, NOT ENACTED

APPARATUS I 5 ACTS

Amendment lineage

The State prints this history as a single parenthetical at the foot of the section. It is reproduced verbatim in the colophon and unpacked below in order of enactment.

	1975				1995				2015
	TICK HEIGHT = ACTS IN THAT YEAR				DASHED = RECODIFICATION, NOT AMENDMENT				
Nº	YEAR	ACT			CHARACTER				
01	1975	c. 437, s. 1			ENACTED				

02	1981	c. 423, s. 1	AMENDED
03	1985	c. 783, ss. 1, 2	AMENDED
04	1997	S.L. 1997-456, s. 27	AMENDED
05	2015	S.L. 2015-246, s. 6(b)	AMENDED

APPARATUS III

Citation

FULL SECTION

N.C. Gen. Stat. § 115C-441 (2015).

PINPOINT

N.C. Gen. Stat. § 115C-441(a) (2015).

Pinpoint keys are set in the left margin of the text rather than line numbers: subsection designators are stable across editions and paper sizes, line numbers are not.

COLOPHON

Provenance

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This is not the official text. The official text is published by the General Assembly of North Carolina.

HISTORY PARENTHETICAL, AS PRINTED BY THE STATE

(1975, c. 437, s. 1; 1981, c. 423, s. 1; 1985, c. 783, ss. 1, 2; 1997-456, s. 27; 2015-246, s. 6(b).)

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