



North Carolina Department of Health and Human Services
Division of Budget and Analysis
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Beverly Eaves Perdue, Governor
Lanier Cansler, Secretary

James B. Slate, Jr., Director

April 20, 2009

MEMORANDUM #2009-02

TO: Division Directors
Office Directors
Budget Officers

FROM: Jim Slate 

RE: Additional Guidance Regarding SFY 08-09 Spending Restrictions

A memorandum from OSBM titled "Additional Fiscal Year 2008-09 Budget Management Restrictions" was sent to your agency on April 9, 2009 detailing additional restrictions that have been put into place for the remainder of SFY 08-09. In response to this memo, Department management has received a number of questions related to the specific application of these new policies as they relate to operations within your agency. We are writing to provide additional guidance as it relates to travel and purchasing limitations under these policies. Additional guidance regarding the filling vacant positions will also be forthcoming as separate correspondence.

Note: All of the following policies as detailed below apply to the expenditure of General Fund appropriations and all other non-Federal funds.

TRAVEL

Under the OSBM guidelines travel will fall into three broad categories; travel which is essential to position responsibilities, limited travel which may be approved by the DHHS Secretary and travel which will require an exception from the Office of State Budget and Management (OSBM).

Travel Essential to Position Responsibilities. To the extent that staff incurs travel directly related to the care and well-being of individuals served by the State, this travel should continue. To the extent that travel is an absolute necessity in order to carry out the primary responsibilities of a position (e.g. monitoring, licensing), this travel should also continue. Even for these staff, travel should be minimized to the greatest degree possible. For positions that fall under this category, we will need for you to provide a memorandum detailing these staff by areas of responsibility including an FTE count as

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well as a brief description of their travel needs. This memorandum should be submitted to your respective Assistant/Deputy Secretary with a copy to your Analyst in the Division of Budget and Analysis no later than Wednesday, April 22nd.

Travel Approved by the DHHS Secretary. Travel associated with instances involving public safety, public health, economic development opportunities and situations related to individuals who are in the care or custody of the state may be allowed, but this must be preapproved by the Secretary. A request for travel in these instances should be sent via e-mail to your respective Assistant/Deputy Secretary with a copy to your Analyst in the Division of Budget and Analysis. The e-mail request should include a description of the nature of the travel and the estimated cost. You will be notified by the Assistant/Deputy Secretary if your request has been approved. All travel approved in these instances must also be reported to OSBM using the attached form (OSBM Form-Agency Head Approved Travel Expenditures). These reports should be also be submitted to your respective Assistant/Deputy Secretary with a copy to your Analyst in the Division of Budget and Analysis on a weekly basis beginning this Friday, April 24th.

Travel Which Must Receive an Exception from OSBM. No other travel will be eligible for reimbursement unless an exception to this policy is granted by the Office of State Budget and Management. Increased use of phone, e-mail, teleconferencing or other forms of electronic communication should be utilized as much as possible to curtail all types of travel. A form to request an OSBM exception to these travel policies is attached (OSBM Form-Request for Travel Exception). OSBM travel exceptions should be requested through your respective Assistant/Deputy Secretary using this form and should be copied to your respective Analyst in the Division of Budget and Analysis. The Assistant/Deputy Secretary will notify the Division if the Department will be going forward to OSBM to request an exception. The Division of Budget and Analysis will forward the request to OSBM and notify the Division of the decision.

Divisions who have permanently assigned vehicles should assure that their usage is effectively managed. Permanently assigned vehicles which are dedicated to a single staff person and are not meeting minimum mileage requirements should be made available for other staff whenever possible for mission critical travel. Permanently assigned vehicles that are not meeting the monthly minimum mileage requirements must be returned to Motor Fleet Management.

PURCHASING

Purchase contracts that are currently in place may remain executed. This is true even if there are additional payments to be made to cover outstanding costs to meet existing contract terms. Any new or amended purchase contracts including any contract renewals (e.g. maintenance agreements) will require prior approval from the Office of State Budget prior to execution. Also, purchase orders for food, drugs and other supplies necessary to provide direct services to DHHS clients may also be issued, however minimum inventories should be maintained for these items.

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Any and all other purchases are prohibited unless an exception is granted by OSBM. This includes purchases made with procurement cards (P-cards). Any existing purchase orders where goods have not yet been received should also be cancelled. This includes purchase orders where a restocking or other fee may be charged commensurate with the order cancellation.

A form to request an OSBM exception to these policies has been attached (OSBM Form-Request for Purchase Exception). This form may also be used to request exceptions for the cancellation of existing purchase orders. Exceptions should be requested using this form and should be sent to your respective Assistant/Deputy Secretary with a copy to your respective Analyst in the Division of Budget and Analysis. The Deputy Secretary will notify the Division if the Department will be going forward to OSBM to request an exception. The Division of Budget and Analysis will forward the request to OSBM and notify the Division of the decision.

We would like to thank you once again for your continued efforts in managing your Divisions and programs through these challenging times. The Division of Budget and Analysis will be available to answer any additional questions that you might have as it relates to these policies.

Attachments

Cc: Jennifer Hoffman, OSBM
Lanier Cansler
Maria Spaulding
Allen Feezor