



North Carolina Department of Health and Human Services
Division of Budget and Analysis
2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Telephone (919) 733-6396 • Fax (919) 733-2944

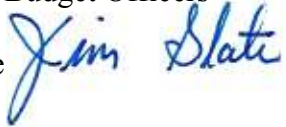
Beverly Eaves Perdue, Governor
Lanier Cansler, Secretary

James B. Slate, Jr., Director

June 18, 2009

MEMORANDUM 2009-05

TO: Division Directors
Division Budget Officers

FROM: Jim Slate 

**SUBJECT: Payment of Invoices for SFY 08-09
SFY 09-10 Purchase and Travel Guidelines**

Payments for Invoices for SFY 08-09

As we come closer to the end of SFY 08-09, we wanted to provide you with additional guidance with regard to how payments will be handled between now and June 30th. As you know, in late April, we received notification from the Office of State Budget that we would be required to identify an additional \$24M in state appropriation reductions. Given the late timing of this round of reductions, we were left with few options for meeting this additional reversion and planned on meeting this reduction in part with naturally occurring end of year reversions and as necessary by delaying the payment of bills and carrying these into SFY 09-10. We will be working closely with the Controller's Office to manage this process at the Department level. As such, we are requesting that all Divisions continue to code and submit all invoices for payment to the Controller's Office as you normally would. This will allow us to prioritize payments against our total availability. Additionally, this will also allow us to get an estimate on the total of invoices that may need to be carried into SFY 09-10.

The Controller's Office has established priority for the following categories of expenses:

1. Payments related to Payroll Expenses.
2. Any past due Rent/Utilities up to June.
3. Any Accounts Payable that is past due.
4. Travel that would incorporate a previously approved travel advance.
5. Workmen's Compensation bills received for May 2009.
6. Contracts paid out in June.
7. Program Benefits.

All other payments will be placed on hold pending fund availability.

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As we get closer June 30, we will be in communication with Divisions regarding any payments which may be delayed. As always,, we appreciate your assistance as we work through this process.

Travel and Purchasing Guidance for SFY 09-10

In addition to the prospect of carrying forward bills in to SFY 09-10 as you know, the budget for SFY 09-10 remains in negotiation with the legislature. Also we have heard from the Office of State Budget that additional allotment restrictions may be put into place for SFY 09-10 until there is a level of comfort that the revenues will support the proposed budget as approved. For these reasons, until further notice the following guidelines will apply to purchase and travel expenditures.

Travel

With regard to travel for SFY 09-10, we are modifying the Departmental guidance as detailed in the Budget and Analysis April 20th memo which outlined guidance for SFY 08-09. In that guidance travel was defined in three broad categories. Following are these categories as well as the revised guidance related to travel for SFY 09-10.

1) Travel Essential to Position Responsibilities. There is no change with regard to travel associated within this category of travel from SFY 08-09 guidance. 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.

2) 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. This travel is also allowable and will no longer require the preapproval by the Deputy or Assistant Secretary.

3) All Other Travel. No other travel will be eligible for reimbursement unless an exception to this policy is granted by the Division's respective Deputy\Assistant Secretary. Although OSBM will no longer be approving this travel, you may continue to utilize the forms designed for this purpose to request exceptions from DHHS. As was previously advised, 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.

Contracts and Purchasing

Contracts. Contracts for SFY 09-10 may be executed. However, contracts which will be impacted by proposed reductions in funding being considered by the General Assembly may only be executed to the level of funding which assumes the larger of

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reductions between the House and Senate budget proposals. Additionally, please assure that every contract includes the standard contract language regarding funding being subject to federal and state fund availability.

Food, Drugs, Medical and Office Supply Purchases. 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. Purchases for office supplies are also allowed as necessary, but minimum inventories must be maintained for these items as well.

Equipment and Software Purchases. Purchases for any equipment (including office and medical equipment, vehicles, etc.) and computer software will require Departmental approval. Requests of this nature must be submitted to your respective Deputy\Assistant Secretary for approval. You may continue to utilize the purchase request exception form that you have been using for this purpose related to SFY 08-09 purchase exceptions.

If you have any additional questions related to these policies, please feel free to contact your analyst in this office for additional guidance.

JS: RK:gg

Cc: Dan Stewart
Maria Spaulding
Allen Feezor
Laketha Miller
Budget Analysts