



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

BEVERLY EAVES PERDUE
GOVERNOR

CHARLES E. PERUSSE
STATE BUDGET DIRECTOR

October 8, 2009

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions, and Agencies

FROM: Charles Perusse *Charles E. Perusse*

SUBJECT: State Budget Manual Update

The Office of State Budget and Management (OSBM) has posted revisions to the State Budget Manual on the OSBM website at <http://www.osbm.state.nc.us/>. These revisions are detailed below and are listed in the appendix section of the State Budget Manual.

1. Agencies are encouraged to rely on broad goals and strategies as an initial step in the budget process. This addition is located in the Budget Development section, 2.5.3, of the State Budget Manual.
2. Lapsed salary revisions shall be processed separately from other budget revisions, and separate revisions are required for general fund, receipt, and cost allocated positions. This addition is located in the Budget Execution section, 3.6.3, of the State Budget Manual.
3. For any budget adjustments containing overexpenditures that are intended to be recurring, a 'G' code must be used. This addition is located in the Budget Execution section, 3.6.3 and 3.6.5, of the State Budget Manual.
4. Additional types of permissible budget adjustments that revise the certified budget are identified. This addition is located in the Budget Execution section, 3.6.4, of the State Budget Manual.
5. Additional examples of budget adjustments that revise only the authorized budget are provided. This addition is located in the Budget Execution section, 3.6.5, of the State Budget Manual.
6. For budget adjustments other than those involving the use of lapsed salary, agencies are delegated authority by OSBM to make nonrecurring changes within a fund/purpose for the 531XXX through 535XXX expenditure account object classes. There are several restrictions on this delegated authority, and OSBM may rescind the authority to budget internally if there is not strict adherence to these restrictions. This addition is located in the Budget Execution section, 3.6.6, of the State Budget Manual.

7. Agencies are no longer restricted on the amount of lapsed salary that can be used after it has been generated. In addition, agencies are delegated authority by OSBM to move lapsed salary within a fund/purpose for the 531XXX through 5321XX object classes only. There are several restrictions on this delegated authority, and OSBM may rescind the authority to budget these funds internally if there is not strict adherence to these restrictions. For all other lapsed salary uses, prior approval from OSBM is required. These updates are located in the Budget Execution section, 3.6.7, of the State Budget Manual.
8. For new receipt-supported position requests, there is no longer a required consultation with the Joint Legislative Commission on Governmental Operations. However, the “Establish New Receipt-Supported Positions” form must still be submitted to OSBM, and, upon OSBM’s approval, a budget revision should be submitted to establish the new position. This update is reflected in the Budget Execution section, 3.6.10, of the State Budget Manual.
9. The instructions and sample forms for requesting a new center/budget code are no longer in the State Budget Manual. This information is now available in the “Forms” section of the OSBM web site. In addition, all new special fund budget code requests must now satisfy a consultation requirement with the Joint Legislative Commission on Governmental Operations prior to the budget code being established. Instructions are provided for complying with this new legislative requirement. These updates are reflected in the Budget Execution section, 3.8, of the State Budget Manual.
10. Clarifying language has been added on the use of a special fund code for IT projects. Specifically, recurring funding for operations and maintenance of an implemented IT project shall not be transferred to a 2XXXX IT budget code. This addition is located in the Budget Execution section, 3.9, of the State Budget Manual.
11. Agencies are no longer required to resubmit the “Application for Grant Funds” form to OSBM upon notification from the granting entity of a grant award. This update is reflected in the Budget Execution section, 3.12.1, of the State Budget Manual.
12. State funds may not be used to support receptions or employee appreciation activities. This update is reflected in the Travel Policies and Regulations section, 5.8.5, of the State Budget Manual.
13. The use of state funds for recognizing individuals is limited to the following: 1) expenditures that adhere to the policies established by OSP for meritorious service awards, as authorized in G.S. 126-4(8); and 2) expenditures, not to exceed \$50, for the purchase of a plaque or for the printing/framing of a certificate. This update is reflected in the Personnel Policies and Regulations section, 6.1.6, of the State Budget Manual.
14. Policies have been added that pertain to the Grants Information Center. This update is reflected in the Reporting Policies and Guidelines section, 8.6.2, of the State Budget Manual.

Improving the State Budget Manual is an ongoing process, and OSBM will issue updates to the Manual periodically. Users are encouraged to email their comments, suggestions, or questions about the State Budget Manual to Budget-Manual-OSBM@ncmail.net.